

Management RECORD

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- Plant Practices and the Labor Contract
- Increasing the Return on Labor Costs
- Keeping Suggestion Plans Successful
- Consumer Prices—The Year in Review



NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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• In the Record •

Plant Practices and the Labor Contract

No matter how detailed or comprehensive a collective bargaining agreement may be, it cannot possibly provide answers to all problems arising from day-to-day plant operations. And when such a problem emerges, a foreman sometimes makes an independent decision.

This decision can be a forward step; but occasionally it establishes a practice that is undesirable from the company's viewpoint. Such practices have a way of spreading and hardening into precedents, especially in large companies where top management is often far removed from plant operations. And precedents of this type often influence arbitration and, in many cases, future collective bargaining agreements.

Management proposes many remedies for this difficulty. Although these vary, companies agree on the necessity of prompt action in uncovering unauthorized plant practices before they acquire the force of precedents. Based on a survey of 229 United States and Canadian companies, the article on the following page discusses four main approaches to solving this problem.

Increasing the Return on Labor Costs—Round Table

Enthusiasts of the Scanlon Plan are more inclined to see it as "a way of life" rather than just another incentive pay plan. Its aim is to get the participation of all the employees in increasing production and cutting costs. The philosophy behind this is that each person has a contribution to make, at least in terms of his own job.

Fred G. Lesieur, the leading exponent of Joseph N. Scanlon's plan, discusses how the plan works and what he considers its most important aspects. He stresses that although worker participation is essential to the plan's success, management never relinquishes its right to manage. All suggestions made by employees are accepted or rejected by management alone. (See page 38.)

The emphasis is rather different in the two speeches that follow. C. D. Evans discusses "Current Planning to Offset Increasing Labor Costs" (page 64). He stresses four points: (1) the need for liaison between the plant that will be working on the specific product and the designers who are designing it; (2) sound initial planning by the manufacturing people; (3) an aggressive search for cost reduction; and (4) manufacturing research.

Emil F. Gibian's subject is "Long-Range Planning to Offset Labor Costs" (page 66). In contrast to Mr. Lesieur, Mr. Gibian sees management's effort to provide better tools, machines and plants, as well as accepting new manufacturing methods and techniques, as far more important than worker efficiency, which Mr. Gibian feels is very near peak capacity at present.

For these different approaches to an important problem, read the Round Table, which starts on page 38.

How to Keep a Suggestion Plan Successful

Suggestion systems have yielded handsome dividends to employer and employee alike since their inception in the United States in the latter part of the nineteenth century. But they don't succeed automatically. Unless the suggestion system is carefully planned and periodically reinvigorated with fresh approaches, it can fail miserably.

Increasing the amount of the suggester's award is the most popular method of fighting indifference to a suggestion plan; yet even this method must be supplemented with more imaginative techniques. As the article on page 42 points out, seasonal contests, extra annual awards, consolation prizes, the formation of suggestion clubs, and crash programs all can be used effectively to retain employee interest in the plan.

Supervisors Rate Handicapped Workers as Good Performers

Almost everyone has heard the slogan, "It's good business to hire the handicapped." But how many people really believe it? Undoubtedly a great many still consider the hiring of handicapped workers primarily a question of humanitarianism.

From the du Pont Company comes additional confirmation that hiring the handicapped is as practical as well as a humanitarian policy. A survey conducted by that corporation's employee relations department reveals that more than 40% of the handicapped workers at du Pont have above-average ratings in job performance.

The article on page 47 analyzes the results of the survey which evaluated the safety, attendance, and job performance records of many types of handicapped workers.

1958 Consumer Prices: The Year in Review

In 1958 Americans felt the brunt of the sharpest recession in the postwar period. Yet, while nearly all business indicators dropped, prices on both the wholesale and retail level continued to rise. In December, 1958 the consumer spent 1.6% more for his market basket than he did in December, 1957. Over the year the cost of consumer goods and services rose an average 2.6%.

Higher food prices were the principal cause of the consumer's distress. A reduced supply of meat and a shortage of fruits and vegetables sent food prices skyrocketing in the early part of the year. But nearly all other items in the market basket rose as well.

The article on page 56 reviews price movements for all components of the consumer price index throughout the year. It includes a summary of the December, 1958 index figures. This is the last month that THE CONFERENCE BOARD will publish its own consumer price index.

Keeping Plant Practices Consistent With the Labor Contract

MANAGEMENT is becoming increasingly aware that employee practices which have become established at the shop level can have the effect of adding unwritten rights and privileges for employees to a collective bargaining agreement, or of actually changing what is in the contract.

Such practices, once they reach the status of precedents, can be binding upon an employer even though he has not given them his approval, and sometimes even though he had no personal knowledge that they were burgeoning. Occasionally, they have even achieved an effect directly contrary to some provision in the contract.

On the other hand, sound practices, too, may evolve out of the day-to-day operations in the plant. In this case, when they are discovered by a vigilant employer, they may be put to good use in other departments or plants. By the same token, a harmful practice can be far more easily eliminated if it is discovered before it is genuinely a precedent. In either case, *early* knowledge and action are important.

HOW PRACTICES BECOME BINDING

No collective bargaining agreement can anticipate all the personnel problems that a foreman is called upon to handle. Under most circumstances, he finds a ready solution for such problems in company policy, in the collective bargaining agreement, or in previous experience, either his own or that of others.

But when a new problem arises, one for which no ready answer is available, a foreman may too easily conclude that there is no company policy which can give him the guidance he needs; so he fashions his own. Or, perhaps he will conclude that no guidance is provided because no limitations were intended: what is not expressly prohibited is probably permitted.

As a consequence, the foreman himself may bear the primary responsibility for initiating an unfortunate precedent, or for letting a practice become established without a challenge. One employer has said, significantly: "Sometimes the union contends that we used to do such and so, or that a foreman permitted this, or someone promised or said that." Another adds: "The union is always trying to carry a precedent in one department over to all departments covered in the agreement."

Another method by which a practice may become

established in a manner different from an employer's true choice is through the grievance procedure. A practice may be the basis of a formal grievance and may be shown to have acquired enough status so that it cannot be dismissed out of hand. Whatever part of the practice that is incorporated in the grievance settlement can thereafter be expected to have as binding a force as a provision in the contract itself.

Similarly, where an employee practice is at issue in an arbitration proceeding, the arbitrator is likely to attach much importance to its character as a precedent. He is likely to give weight to such questions as: How long has the practice continued? Have the employees "counted" upon it? Was it sanctioned by the foreman or others on the management team, tacitly or otherwise?

Occasionally, the practice, or some vestige of it, may be just enough to serve as a basis for a bargaining demand by the union at the next negotiating session. Thus, it may either find its way into the contract as an express concession which the union insists upon, or it may constitute "bargaining material" which will be waived by the union on condition that it receives some other bargaining advantage.

If the practice has in fact become well established in the shop over a period of time, an employer may expect two union arguments to be pressed forcefully: (1) the incorporation of the practice into the contract merely recognizes what is already a fact; and, (2) the right or privilege should be extended to *all* employees without discrimination. It matters little, at that stage, that the practice may have been initiated in the shop at union insistence and with only tacit acquiescence by a foreman or superintendent. The "squeeze" on management by then has been accomplished.

Another device by which a union may ensure the continuation of existing practices, known or unknown, which are favorable to employees is by the insertion of a specific clause in the contract such as the following:

"Should there be any local working conditions in effect which provide benefits that are in excess of or in addition to the benefits established by this agreement, they shall remain in effect for the term of this agreement."

Such a clause is more often found in either multi-plant company bargaining or in association bargaining. And once it is inserted in the master contract,

local unions are assured that local management must recognize as binding such practices as the unions can show to be "already established."

BOARD SURVEY SHOWS COMPANY ATTITUDES

A Conference Board survey indicates that 171, or 72%, of 239 United States and Canadian companies say that practice and precedent do play a part in the union-management relationship.

Of this group, ninety-five companies (39.8%) say that it plays a minor role and seventy-six (31.8%) report that it influences collective bargaining to a considerable degree. (See the table.)

It is significant that smaller companies, those with fewer than 1,000 employees, have less concern with the general problem than larger ones. A major reason is that in a small company, the top management team is much closer to shop operations and is much more likely to have current knowledge about shop practices. One employer in manufacturing explained it this way:

"Generally we're small enough to know what is going on . . . and almost all problems of this type are picked up pretty quickly."

Although unions are found to attempt the device of initiating and/or extending shop practices with varying degrees of success in both large and small companies, it is the large company that finds itself more vulnerable, for the reason mentioned above. Therefore the large firm is more likely to consider the problem a serious one and take special action to meet it.

Among the observations made by employers which reflect this attitude, the following are significant:

- "When precedent or practice is established in any one plant, it is difficult to resist extension to other units even though uniform applications may be undesirable or unwarranted."
- "Precedent and practice, emphasized by the length of time practiced or by the company's actual or tacit approval, have the same effect as a contractual obligation. Once established, it is next to impossible to refuse to include them in the contract."
- "The union supports its contentions for various clause changes or additions . . . and in many instances cites past practice. It is well known that a

privilege once given can very rarely, if ever, be taken away."

- "Through broad interpretations of clauses by certain supervisors, it is difficult to discontinue malpractices. As a result, practices are different from the intent of the agreement as it is written."

However, the recognition that new shop practices can be forward steps, worthy of extension to other departments and plants, is also asserted by some employers. Here the clearly stated position of the employer in each case has been that any extension requires his prior approval, whether or not this is formalized by means of a collective bargaining agreement. Here are several employer observations on this point:

- "If the practice is one that past experience indicates can be adapted to general use or that will be advantageous to the company, we will work out an agreement with the union."
- "Both the company and the union may point to practices existing in one or another of our plants in order to substantiate an argument that something should or should not be included in the master agreement."
- "It all depends on the issue and to whose advantage past practice is used. Both sides have used it. However, if a 'side' agreement is involved and it conflicts with the union agreement, it is immediately cancelled."

HOW COMPANIES MEET THE PROBLEM

The question of how companies meet this problem was put to the cooperators in THE CONFERENCE BOARD survey. The replies show that measures designed to minimize the initiation and/or extension of employee practices considered unsound by employers constitute four principal approaches:

1. Audit, review and prior approval procedures
2. Supervisory meetings and information exchange programs
3. Control clauses in collective bargaining agreements
4. Amendments and supplements to collective bargaining agreements

Extent to Which Precedent and Practice Influence Collective Bargaining

	Total Companies		United States Companies					Canadian Companies
	Number	Per Cent	Total	Number of Employees				
				1-249	250-999	1,000-4,999	Over 5,000	
Influence to a slight degree	95	39.8	81	11	15	20	35	14
Influence to a considerable degree	76	31.8	72	4	14	28	26	4
Play no part whatever	51	21.3	47	10	17	12	8	4
No answer	17	7.1	13	1	2	7	3	4
Total	239	100.0	213	26	48	67	72	26

Audit, Review and Prior Approval Procedures

In this category, the emphasis is on affirmative action by the personnel department to discover plant practices that need review and to determine whether they are sound and consistent with company policies and procedures; this is done rather than waiting until such practices are reported by foremen or others at the supervisory level. Indicative of this approach are such phrases as:

- "Wage and salary analysts and labor relations representatives spend most of their time in the plant proper. . . ."
- The control mechanism "should be conducted and watched by the personnel department. . . ."
- "The company attempts to police such practices through decentralized personnel representatives. . . ."
- The procedure uses "questions and answers developed centrally" as well as "letters of explanation" and "internal auditing."
- "Local personnel department keeps constant check on each factory department. . . ."

The policing that is the essential element of "audit and review" is, of course, followed by action which either eliminates a particular practice or gives it a stamp of approval in terms of company policy and the collective bargaining agreement. In some instances, the practices must be cleared with the industrial relations director or with the executive who is in general charge of collective bargaining. In others, the plant superintendent may give approval, with simply an information report to the industrial relations director.

Highly satisfactory results were reported by a utility executive who described his company's control mechanism in this way:

"The personnel department acts as a clearing house for all contract interpretations and reviews all payroll authorizations in order to control the development or spread of any wage, classification, or other practice which is not in accordance with the provisions of the agreement. Also, all time tickets are completely audited by a central audit group to make sure that practices with regard to shift changes and payments, time off with pay, overtime premiums and the like are in keeping with the provisions of the agreement."

Supervisory Meetings and Information Exchange Programs

Some companies, in attempting to minimize the hazards of unsanctioned employee practices, have concentrated much of their efforts on supervisor training and the exchange of information among departments and plants within the company. Meetings with foremen center upon a discussion of the practical problems involved in applying company policy and the labor contract to shop operations. Different interpretations invariably come to light, as well as new problems. These inform the personnel director of any lack of understanding of company policies or gaps in such policies, as well as of any new developments. Furthermore, they afford him the opportunity to

stress the importance of having foremen make a habit of checking with higher management when practices arise that do not appear to be covered by company policy or the labor contract.

Here is how one company has handled such meetings:

"The personnel director has spent many hours meeting with the supervisors, discussing the administration of the contract. The importance of avoiding practices that are too liberal, or inconsistent, is stressed. We also try to make the supervisors realize the plant-wide consequences of their actions in settling a grievance or other problem, particularly if special 'deals' are made, with all factors not being given due consideration. During the discussion, the supervisors have pointed out sections of the contract which are confusing and difficult to administer."

Other significant comments include the following:

- "We have prepared a manual of noncontractual customs."
- "Supervision is instructed as to their responsibility in carrying out the provisions of the agreement and, when errors are made, are schooled in the proper manner of handling such cases."
- "Management holds training sessions with supervisors to stress the importance of avoiding practices that are too liberal or inconsistent, and which can make bargaining difficult."

Exchange of information as to both practices and top management's reaction to them is particularly important with multiplant companies. One company reports that a variety of methods is used to accomplish this: written reports, interpretative bulletins and minutes of conferences in which problems of contract administration are discussed.

Control Clauses in the Contract

The collective bargaining agreement can be made the vehicle for denying validity to any side agreements, written or unwritten. Thus, some contracts specify that only agreements which are in writing and are signed by duly authorized representatives of both the union and company shall have any effect. Or, the contract may specifically state that all other agreements, written or unwritten, are thereby superseded and void. Another contract device is to recognize that local or department understandings do exist, but to prohibit the use of the grievance procedure and arbitration for the settlement of any problems relating to them "unless such understanding is in writing and signed by the company and the local."

A flat prohibition of all practices and agreements which deviate from the labor contract is attempted by the following clause:

"The company shall not for any reason grant to any employee, or any group of employees within any classification covered by this agreement, terms of employment different in any respect from those set forth in the agreement."

Amending the Agreement

Another method for controlling shop practices is the amendment of the labor contract in order to deal with them in that instrument directly. Some companies and unions negotiate a formal amendment which explains the character of the practices being treated. As one executive put it, his company uses supplemental agreements "to correct and control bad practices."

Another executive states:

"Many of our practices have continued for years, but when the union and management find that practices are becoming warped, either party proposes that we write an interpretation and make it part of the agreement. The director of labor relations writes the interpretation, and under our contract we have a sixty-day trial period to 'test' the interpretation and see if it really serves its purpose. . . . The only time we experience difficulty with the

understanding of past practices is when a new bargaining committee is voted in by the employees."

To sum up, it seems clear from the survey that the efforts which may be expended to meet the problems of keeping plant practices consistent with the labor contract are likely to pay big dividends.

Bargaining can be made easier if the company's negotiators know how the contract is being applied in the plant and if they are prepared for any union demands for the extension of shop practices that are possibly undesirable from a management point of view. The survey indicates that if no action is taken until the parties meet at the bargaining table, the company may be hard pressed even to "contain" such practices, much less eradicate them.

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Management Bookshelf

The Gap Between Spendable Earnings and Labor Costs—

The economic and social implications of the wage concept are taking on increased importance for personnel administrators. Fringe benefits are throwing the pay picture out of focus. An employee hired at \$90 a week may take home less than \$90, because of deductions for his share of the fringes. Yet the employer, who bears the greater burden of fringe costs, is actually paying more than \$90 for the week's work. This problem is discussed in this pamphlet. The authors suggest that personnel men (1) study and reappraise the influence of the various direct and indirect wage items on the flexibility of labor costs and on the consumption patterns of workers and (2) strive to develop more productive communication techniques to assure a better understanding of the problems by both employees and management. *By Michael T. Wermel and Geraldine M. Beideman, California Institute of Technology, Pasadena, California, 1958, 11 pp., 30 cents.*

The Appraisal Interview—How should a supervisor talk with his workers after he has rated their job performance? The author of this volume says that it depends upon management's objectives in operating a merit rating program. The advantages and limitations of three kinds of appraisal interviews are discussed.

Half of the book consists of transcriptions of six appraisal interviews. Two of the interviews are the "tell and sell" kind; two are "tell and listen"; and two are of the "problem-solving" type. The remaining chapters are devoted to general problems of employee appraisal and to particular problems associated with different interviewing styles. *By Norman R. F. Maier, John Wiley & Sons, New York, New York, 1958, 246 pp., \$5.95.*

Information and Communication Practice in Industry—

A compilation of eighteen articles primarily on technical writing, editing, illustrating and classification. Patent searching and mechanical aids for presenting technical

papers are among the other subjects covered. Much of the material is of a how-to-do-it nature, including the preparation of tables and methods of indexing. *Edited by T. E. R. Singer, Reinhold Publishing Corporation, New York, New York, 1958, 304 pp., \$8.75.*

The Emerging Environment of Industrial Relations—This volume contains the proceedings of a conference for industrial relations executives that was jointly sponsored by Michigan State University, Wayne State University and the University of Michigan. Among the subjects discussed are: "Public Opinion as a Factor in Industrial Relations," "The Legal Environment of Industrial Relations," "The 'Organization Man'—Fact or Fancy?" and "The Impact of Collective Bargaining on the Economy." *Published by the Labor and Industrial Relations Center, Michigan State University, East Lansing, Michigan, 1958, 112 pp., \$1.50.*

Selection, Training and Compensation of Overseas Managers—The practices of various United States corporations with respect to the managers of their foreign operations are described in this book-length study. The report is based on two questionnaires. One questionnaire concerns official corporate policies regarding the appointment of executives to foreign positions; the other concerns the selection of individual managers, their training, salary, bonuses, living allowances, and other benefits. Communications between the overseas manager and the home office is another area covered in the second questionnaire. Information about 119 executives and the corporate policies of thirty-two companies was obtained for the report. Of the 119 executives, seventy-five manage subsidiary companies; twenty-four manage foreign affiliates; and sixteen are in charge of overseas branches. The geographical location of the executives is as follows: fifty in Latin America; forty-one in Europe, and twenty-eight in other areas. *Business International, 200 Fourth Avenue, New York 3, New York, 1958, 66 pp., \$36.*

Increasing the Return on Labor Costs¹

Despite the recent recession, wages have continued to rise steadily in most sectors of the American economy. And existing contracts point to still further increases. To maintain satisfactory profit levels, therefore, firms have to find new ways to increase the return on what they can expect to pay for labor. How this can be done by improving the productivity of the work force and by profiting from technological advances, on both a current and long-range basis, is suggested here by a panel that includes:

- Fred G. Lesieur, Industrial Relations Section, Massachusetts Institute of Technology, Cambridge, Massachusetts
- C. D. Evans, Assistant Manager of Manufacturing Research, International Harvester Company, Chicago, Illinois
- Emil F. Gibian, Staff Director, Industrial Engineering, Thompson Ramo Wooldridge Inc., Cleveland, Ohio

Worker Participation to Increase Production

—by Fred G. Lesieur—

I AM GOING to try to indicate the kind of contribution that people can make to their jobs—and I mean both management and labor—if what Joe Scanlon used to call “the restraining influences” in a given environment are removed.

Although I am presently on the staff of M.I.T., in discussing the Scanlon Plan with you, I will draw from some of my own personal experiences which began with my job as a machinist at the Lapointe Machine Tool Company where I worked for twelve years. I will also draw on the experiences I had when I was associated with Joseph N. Scanlon for six years prior to his death in 1956.

My topic is “participation,” not a “sense of participation.” I am always hesitant when I am called upon to speak on the Scanlon Plan, because today the

word “plan” seems to connote a formula or a gimmick that somehow can be dropped into a situation, and then change comes about automatically. Please believe me, I have no formula or gimmick.

Due to the dynamic expansion that we have been faced with in this country, we have all become familiar with the terms “mechanization” and “automation.” In getting involved in these new methods and ways of doing things, all too often we forget that even the most automated or mechanized piece of equipment needs people. In fact, I believe we have become a country of overspecialized and underutilized people. In many instances, when a company has a problem, the first reaction is to call in some outside expert to diagnose what is wrong. Rarely does management think that maybe the people who are doing the job day in and day out and who, by the way, are really the experts could provide the answer to the problem.

Of course I am not talking about the area of technical assistance, research, and new development, where outside experts can often be used to advantage. I am talking about the workings of the plant itself. The experts in this area, to our way of thinking, are the people who do the job eight hours a day, five days a week, for fifty weeks or so each year. They are the ones who first encounter the problems of that job; they too are the ones who should know best how the job ought to be done. Much time and money can be saved if somehow you can tap their reservoir of ideas on how the job can best be done. But to get these people in the plant to cooperate to the full extent of their capabilities, you have to provide real participation and not a sense of participation.

Actual participation, however, is hard to come by in industry today. The barrier, or what Joe Scanlon used to call “the restraining influences,” in the plant keep people from giving the best they have. Management men travel about from one end of the country to the other talking about teamwork. At most conferences someone gets up and speaks about the teamwork going on back at his plant. Teamwork, of course, is important and should be discussed. But I venture to say that if you went into many of these plants you would find it almost impossible to have teamwork because of the system under which the people work.

In speaking about the restraining influences in a plant, let me begin with the worker on the job and then proceed right up through the top of the company

¹ This is a summary of a Round Table discussion held at the 389th Meeting of the National Industrial Conference Board in Cleveland, Ohio.

to show the type of environment that exists in many companies today.

Generally speaking, the work force is divided into two categories—the direct worker and the indirect worker. To define this a little more, the direct worker is generally the fellow whose work the company thinks it can measure, and the indirect is the one that the company feels it can't measure. Now in many instances the direct worker is set up, in effect, in business for himself. He is on what is known as individual incentive. He gets paid for what he does. I would like to discuss for a minute or so with you the reactions of this fellow who is in business for himself. It doesn't take him too long to react like a businessman, to learn to control his market, to sell his product for the best possible price, and, along this route, become a pretty selfish individual. He soon learns that to help his fellow worker costs him money, so he doesn't.

In the same selfish vein, he discovers, despite the fact that rigid standards have been established on the product he is making, that inspectors are still human beings—some are easier than others. Therefore, knowing the inspector on his particular shift is very important, as there is no point in putting more quality into the product than is necessary. It makes little difference to him that maybe three or four of his fellow brothers in the union who have to put this piece of equipment together after he finishes with it spend five days trying to do the job because the parts don't fit, rather than one day if the proper job had been done in the first place. That is no problem of his; it's their problem. He gets his; it is up to them to get theirs. This is what is called teamwork.

Now coming into direct contact with this businessman in the plant is the industrial engineer. He is the man who supposedly sets the rate scientifically on the job the worker is doing. I sincerely believe that industry has gone a long way toward destroying the industrial engineering profession by tagging onto their job the setting of a monetary rate for the production worker on that job. Despite the fact that the industrial engineer and the worker are working for the same company, they are enemies. The worker feels that this fellow is the one he has to beat in order to take home the most money possible to support his family.

The only real problem here is that you are asking the industrial engineer to deal with the expert. You are asking him to deal with the man who does the job day in, day out, who knows whether there are any short cuts that might be taken or a better way of doing the job. So in many instances the industrial engineer may return to one of his previous masterpieces of rate setting and discover that instead of the worker making a 20% bonus as he was supposed to on that job, he is making 60%, 80% or 100%. The

engineer discovers that possibly the worker has bastardized his creation; he has re-engineered the job to his own liking and in a way which enables him to make more money—in many cases much more than the company wants him to make. So the next step the industrial engineer has to take is to re-engineer the job to take care of this black eye on his masterpiece.

You people know how companies like having their prices cut; well, just imagine how this fellow back in the plant likes having his price cut! He soon learns what the trade will bear—how much it is safe to turn in before you as a company start to impose an excess profits tax on him. He has to become a bit of a banker; he saves on the good jobs so that he can apply the excess to the poor jobs, and hopes to come out with the same salary week after week. This whole atmosphere makes for excellent teamwork, you see, between the engineer and the worker. I do hope that some day industry will learn of the real contribution that industrial engineering can make to a company if you take this rate-setting area away from them. Can you imagine the possible acceptance by the worker of this engineer if, somewhere, somehow, he didn't have to control the worker's take-home pay!

The next level that I would like to discuss with you is the foreman level of the plant. In many of the plants that I am called upon to visit today, I have discovered that in many instances the foreman is nothing but a glorified clerk. But he doesn't make a very good clerk because his fingers are too big to type.

To begin with, he has a department to supervise, which is composed of direct and indirect workers. In the old days, a foreman was expected to know whether his people were working or not. But today, with all of our modern and scientific means at hand, he is no longer considered capable of knowing. In many plants, if you ask the foreman how Henry So-and-So is doing, he has to refer to some paper to find out whether the man is working or not. Seemingly, the paper says 100, 200, or whatever it might be, point hours, B hours; and that gauges the day's work. Now the fact that the worker might be spending one-third of his day talking to his fellow workers doesn't mean anything as long as his standard hours are up.

I've seen cases where foremen have tried to get some of these incentive workers back on their job and find themselves quite helpless when they are promptly told by the particular worker that "I'm meeting the day's work standard that you have set, so it is my money that I am playing with and not yours. You've got every right to tell me to get back to my job when I'm not meeting that standard. But until such time, you take care of your job and I'll take care of mine." You can well understand how this promotes real team-

work in a department. This poor foreman in many cases just doesn't know what to do.

Now, industry has tried to combat this problem at the foreman's level by instituting training programs. In some cases the training program involves making a public speaker or a psychiatrist out of the foreman. Very little attention is given to training him to do his job. Why, in one firm I visited, they even had the foreman reading Plato. The company's president was more interested in making men than products. Someone reminded him that maybe if the company didn't do a better job on its product, there might not be any men around to make.

Now another group that is very vital to any company is the engineering department. Most workers out in the plant feel that engineers are not too human. It is generally felt that they sit up in their ivory towers creating the product, without giving any consideration to the tools with which the worker has to make that product. Now whether this is true or not is not too important; it is what the worker thinks that is important.

He finds that when he makes a mistake on his work, his machine is sometimes idle for two days while someone tries to get the engineer to come down from his ivory tower to tell him what to do next. In these periods of discussion concerning "what do you do now," very little thought is ever given to what is good for the company.

The engineer can't bear to see his creation altered, and the worker just can't understand why the engineer isn't a little more flexible and can't go along with some modification to save the particular part that he is working on. Again, this is teamwork!

The next group that I should like to mention briefly is the accounting section of a company. All too often today we find situations where instead of accounting being a service to the company and its product, the product and the company are servicing the accounting group. In some cases I have seen, despite the fact that the company was going broke, you couldn't get accounting to change its method to help the company—because, as they put it, you were destroying a good accounting setup. We have found under proper conditions that the contribution which accounting can make toward lower cost is tremendous. They have the pulse of the organization; they know where the problems are; but it is a matter of getting the people who make the product to understand the problems so that they can do something about them. Just saying we are losing money to a group of workers is meaningless. But telling them where the company is losing money sometimes can make a real difference.

I also want to point out that participation just doesn't extend to the groups I have mentioned.

Also, the office has a vital role to play. We have discovered that office people can make just as great a contribution on their jobs as anyone else.

Now if the above conditions which I have enumerated are called teamwork, I can't buy it. How can people give the best that is in them under such conditions? Frankly, it amazes me to see how industry manages to survive with everybody in the company working for himself. I would think that most companies would find it difficult enough competing with other companies in the same business without promoting competition among the people in their own plant.

But how do you get people to work together? How do you get them to give their ideas on how the job ought to be done? How do you get them to substitute a "We" association for the selfish and shortsighted "I" attitude outlined above?

This is the area in which we do our work. And we are convinced that no satisfactory answer is possible until the restraining influences are thrown out. If we are going to have incentive pay, its aim must be to get more of the product out the door at a lower cost. After all, you live and die by that product. What "I" do in the company has little importance, but what "we do together" can be very important. I would like to point out that if a company is able to set its own prices on its product, then it can afford to have all the vying, cheating, or whatever you want to call it, going on back in the plant. But if, like most companies, the prices are generally predicated on what other companies are selling the same product for, you can't afford to have all this fighting for the selfish "I" going on in your plant. You may have the best standard cost system in the world, but should a competitor cut his prices by 10%, then you have to follow suit or curtail the possibilities of selling that product.

And to meet these standards more effectively (your competition), you must start by paying more con-

The Scanlon Plan: A Frontier in Labor-Management Cooperation—Edited by Joseph N. Scanlon's successor, this book brings together what has been said and written about the Scanlon Plan by men who have worked with it firsthand. It is divided into three parts. The first part discusses Joe Scanlon himself and the significance of the contribution he has made to labor-management cooperation; the second part explains what the plan is and how the problems connected with its installation are handled; and the third part evaluates the plan's accomplishments. As an added feature, appendixes give several case studies of the various aspects of the plan in actual operation. *Edited by Fred G. Lesieur, published by the Industrial Relations Section of the Massachusetts Institute of Technology, Cambridge, Massachusetts, and John Wiley & Sons, Inc., New York, New York, 1958, 173 pp., \$4.50.*

sideration to what your people can do when they want to do it.

Now I am not talking about turning the plant over to the union, or letting the workers manage the plant. What I am going to outline for you is management facing its responsibilities and exercising the leadership that is needed so that the work force can do its job. You see, there is no gimmick, there is no easy way. The worker is not interested in making management's decisions. All he is seeking is a place to say "this is how I think *my* job ought to be done." Once this happens, you are on your way to greater productivity and a healthier company.

In striving for participation, however, no lines can be drawn. Everyone who belongs in a plant has something to contribute—from the top of the company to the bottom, the office and engineering as well as the plant. In a sense, what I am trying to say is that there is no such thing as an indirect worker; everyone is a direct worker. Everyone has a contribution to make, whether they are servicing the product or making it. If they haven't a contribution to make, they shouldn't be around.

Certainly the easiest way we have found to measure change in a given environment has been to measure the price we get for our product against the wages we have received to make it. This broad and simple measurement is one that most everyone in the plant can understand. Another point I would like to make is that you should hold people responsible only for what they have control over, as that is the only real area in which they can participate. We have generally developed a measurement to fit each individual situation. This has meant taking into consideration the peculiarities of the specific plant or company, so I venture to say that there are no two Scanlon measurements alike. Each situation has had to have its own workable measurement.

Most of these have involved comparing sales value of production to payroll cost. Now when I say payroll cost, I am not just talking about the bargaining unit; I am talking about the whole plant. Our feeling has been that if you are going to have a plan that is good for the company, everyone ought to be included. We have always recommended that you make the team as broad as possible. In fact, we like to see everybody, from the president of the company to the floor sweeper, in the same plan. I feel that is one of the strengths of the Scanlon Plan.

There is a great deal of mistrust and worry in most situations where you find several plans of remuneration present. Now I am not just talking about how they might conflict with each other, but about the jealousy that exists when one person is on a more lucrative plan than the other fellow. And if we are talking about joint participation, then there should be only one plan. I think you can adequately take

care of the different skills and wage or salary levels by paying the monthly bonus on a percentage basis. A worker doesn't mind his boss getting a bonus when he is also getting one. But as so often happens when there is more than one plan in a situation, he gets terribly disturbed when he hears through the grapevine that the boss is getting a bonus and he isn't.

It is most important, whatever measurement is used, to put all the cards on the table and hide nothing. You have to stay away from the mumbo-jumbo type of incentive measurements that are plaguing many plants today. I don't care at what level of efficiency you think a worker has been performing. If you have accepted it from him day in, day out, that has become a day's work to him. To get him to do something different requires a sincere and honest understanding of your joint problem. Whenever we have had to make adjustments in a norm in the application of the Scanlon Plan, the parties involved have understood why. It was then up to them to decide whether they felt they could do something about it.



I haven't gone into too much detail concerning how you measure change in a situation because I feel the most important part of the Scanlon Plan is participation. Unless you can get that, whatever figures you have developed will be meaningless. Participation is to me the most important. Participation is implemented by setting up what we call production committees and a screening committee. Production committees are established throughout the company—including the office and engineering departments as well as the plant. Each major department has a production committee. Small departments may be grouped together in a single production committee. These committees have representation from both management and labor. Management usually appoints as its member the supervisor of the department or some management person in a decision-making capacity in the company. The union members (or employees where a union does not have bargaining rights) get together and elect someone to represent them on this production committee.

In most instances, we do not have balanced representation on these committees, for there are sometimes as many as six union or employee members meeting with one management member, and this comprises the committee. In other cases, the representation in a production committee may be as small as one management member and one labor member.

The function of a production committee is to meet at least once a month (or more often if necessary) to discuss ways and means of eliminating waste, easier and better ways of doing the job, the departmental schedules for that month, and anything else that

(Continued on page 62)

How to Keep a Suggestion Plan Successful

Several promotional techniques that have motivated employees to continue submitting money-saving ideas as suggestions are discussed here

IN THEORY, a suggestion plan seems almost bound to succeed. After all, what is there to lose? A company offers its employees cash incentives to seek out and submit money-saving ideas that might otherwise be lost. Yet these cash awards amount to just a portion of what the company saves when the idea is adopted. Thus, both employer and employees stand to profit from the plan.

In practice, however, there are many roadblocks on the path to such two-way profit. A suggestion plan is a major project, requiring careful planning and a considerable outlay of time and money. A few years ago, THE CONFERENCE BOARD asked several firms that were satisfied with their suggestion plans what it takes to get a plan going successfully. The following are the requirements most frequently emphasized in the answers:¹

- Full and continued support of top management
- Clear-cut assignment of responsibility for the plan's administration
- Indoctrination of each member of management in his part in the plan's procedure
- Adequate schedule of awards
- Detailed determination of eligibility
- Company-wide coordination of the plan
- Skillfully designed forms
- Employee understanding of the plan
- Prompt and competent processing of suggestions
- Prompt and complete replies to suggestions not adopted or not given awards
- Publicity appropriate to the plan
- Adequate permanent records of suggestions

A suggestion plan that gets off to a good start is headed in the direction of success. But it still has a long way to go. The most difficult requirement lies ahead: the plan has to be kept going long enough to at least pay for itself. Many a plan that blazed off like a rocket fizzled long before it had justified the investment of time and money that went into its installation.

Why? There are many reasons and they vary from company to company. But close analysis invariably shows that the trouble begins when indifference is allowed to creep in. This indifference may be the fault

of the employees, or it may be caused by the attitude of management; but, in either case, everyone loses.

The problem of indifference, however, is one that can be licked. There are suggestion plans still operating today that were started before the present century began. Yale and Towne Manufacturing Company instituted a plan at Stamford, Connecticut, in 1880. The National Cash Register plan began operating in 1894. The Eastman Kodak and Bausch and Lomb plans date back to 1898. Several other highly successful plans, such as the General Electric plan (1905) and the Westinghouse plan (1910), were started just after the turn of the century.

All these plans are not only still operating; they are operating *profitably*. Eastman Kodak, for example, recently announced that, over the years, it has already paid more than \$3 million in awards. One of the awards reached the record figure of \$23,495. Of course, companies save a great deal more than the amount of the awards. For instance, Westinghouse estimates that it saved \$1,446,505 in 1957 on suggestions that enabled its employees to win \$295,905 in cash awards.

The fact that some plans continue to pay off year after year, while others fail, does not result from the operation of the law of averages. Companies with profitable plans earn their success by positive and continuous action. They keep sight of the human factors involved in promoting their plans.

Basically, suggestion systems live on the ideas of people. And people change. Their tastes are being constantly shaped and reshaped by television, radio, movies, newspapers, magazines, books, and countless other media. What appeals to employees one year becomes old hat the next. And if this element of changing tastes is neglected in the promotion of a suggestion plan, the plan is doomed to failure. Different times call for different approaches. Twenty years ago, a maximum award of \$50 might have brought a flood of good suggestions; today, such an award (after tax deductions) might be regarded as not worth striving for.

How, then, do companies with profitable suggestion systems keep their plans successful? What promotional techniques do they use to motivate their employees to continue submitting money-saving ideas?

Recently, over a hundred companies made their

¹"A Way to Do It Better," *Management Record*, July, 1948, p. 355. For additional information, see "Suggestion Systems," *Studies in Personnel Policy*, No. 135.

suggestion plan literature available to THE CONFERENCE BOARD. A study of this literature, and of other information on the subject previously collected by the Board, discloses a number of effective promotional techniques. Here are the ones that seem to produce the best results.

SEASONAL CONTESTS

More and more firms with suggestion systems are adopting the seasonal contest technique to help keep their plans alive and profitable. An intensified campaign is launched during a particular period of the year—usually before Christmas or vacation time. During the rest of the year, accepted suggestions get the regular cash awards called for in the company's plan. But, during the seasonal contests, *extra* awards are added to the regular awards. These extra awards may be in cash. For example, a company that normally awards an amount equal to 10% of what a suggestion saves in the first year may, for the period of the seasonal contest, raise the award to 25% or 50% of the first year's savings.

More commonly, however, the extra awards are special noncash prizes. For example, any employee who submits an accepted suggestion during the contest period may get an inscribed pen or pencil in addition to his regular cash award; or his name may go into a barrel with a chance to win a savings bond, a portable television, a hi-fi set, or some other valuable prize in a grand drawing at the contest's close. In other cases, the special prizes are reserved for the suggestions that save the most money. The top suggester, for instance, may win a car or a mink coat or an expense-paid trip to a romantic resort, while runners-up are given attractive items of merchandise as extra awards.

Last fall, the Pittsfield, Massachusetts plant of General Electric made effective use of the seasonal contest. Early in the year, the company had launched its "Operation Upturn" campaign to accelerate the upturn in business by bringing extra values and renewed confidence to customers, and thus build sales and jobs in 1958. At Pittsfield, the campaign was also used to promote the suggestion plan. A seasonal contest was publicized as a feature of "Operation Upturn." During this suggestion contest, local GE employees suggesting money-saving ideas were awarded an additional 50% bonus in the form of employee purchase certificates. These certificates could be redeemed for merchandise at local stores. The cooperating stores identified themselves by placing a diamond-shaped sticker in their windows, and the merchandise they gave GE employees in return for the certificates was paid for by the company.

The Pittsfield contest was a many sided success. Local merchants were so pleased with the boost it gave their business that they voted unanimously to allow \$6 worth of merchandise for each \$5 worth of

certificates accepted; local newspapers praised GE for advancing the welfare of the community; winning employees were helped with their Christmas shopping; and the company wound up with a wealth of profitable suggestions.

ANNUAL PRIZES

One possible drawback of the seasonal contest is that the firm using it may be putting all its eggs in one basket. Employees who think of money-saving ideas at other times of the year are tempted to hold them back for the next seasonal contest. Some companies try to get around this disadvantage, and keep suggestions flowing throughout the whole year, by paying the extra awards as annual prizes. One company, for example, gives an extra week's vacation with pay as an annual prize to the employee who earned the highest suggestion award during the year. In a metal manufacturing company, a brass tie bar and cuff link set bearing the company name goes to every suggester who saves the company \$100 or more in any one year. A large oil company offers the top suggester in each of its divisions an added annual award equal to 3% of the first year's net savings from his suggestion (up to a maximum of \$2,500). Divisional winners then qualify for a company-wide grand prize equal to 5% of the first year's savings from their suggestions (up to a maximum of \$5,000). And to encourage quantity as well as quality in the year-round flow of suggestions, another three annual prizes of \$75, \$50 and \$25 are awarded to the three employees who submitted the largest number of accepted ideas during the year.

Another firm, in the meat-packing industry, presents its extra annual prizes in the form of company stock. The employee whose accepted suggestion is judged the best of the year, on the basis of its worth to the company and the degree of ingenuity and originality it displayed, wins twenty-five shares of stock on top of his regular cash award. A smaller number of shares, in proportion to merit, is also given as an extra annual prize to the fourteen next best suggestions. These annual prize winners, incidentally, are being effectively motivated to continue contributing to the company's advancement since, as stockholders, they are in a position to profit directly from that advancement.

CONSOLATION PAYMENTS

The National Cash Register Company goes to unusual lengths in encouraging its employees to submit ideas. A merit award of \$1 is given for suggestions that are *not* adopted. The rejection report reads as follows:

"Although your suggestion No. — was not adopted, the suggestion committee has given you a merit award of one dollar for the constructive thinking and effort you have put into preparing the suggestion for us. This amount will be added to your pay check within the next two weeks.

"We hope you will continue to participate in the suggestion system by sending in your ideas. Perhaps the next one will be a big winner."

AWARDS FOR MANY SUGGESTIONS

To keep employees who have won a suggestion award from resting on their laurels, special awards are often provided for repeated successes. One company, for example, gives an engraved pen and pencil set and a framed gold certificate to suggesters who win ten regular awards. Another approach is the one taken by the National Cash Register Company. It pays an extra \$5 for each five suggestions accepted from the same employee. When the one employee wins fifteen suggestion awards, he becomes a member of the "NCR Suggestioneers' Club." His certificate of membership, signed by the chairman of the board of directors and the president of NCR, states: "Management deeply appreciates and is grateful for these contributions [the fifteen adopted suggestions] made to the progress of the company and the improvement of its products."

BOOSTING REGULAR AWARDS

A few years ago, the average regular award for an accepted suggestion was 10% of what it saved the company during the first year. But the trend now runs in the direction of raising this percentage. The "Annual Statistical Report for the Year 1957," published by the National Association of Suggestion Systems in 1958, shows that 192 of the 229 participating companies paid awards on the basis of first-year savings as follows:

Number of Companies	% of 1st Year's Savings Awarded
95	Up to 10%
20	" " 15%
31	" " 20%
22	" " 25%
3	" " 35%
12	" " 50%
1	" " 70%
1	" " 100%
7	% Varies

The formula used by the John Deere Des Moines Works illustrates how the first-year savings of accepted suggestions can be computed. Awards are determined in this way:

"A. One-half of the first year's gross monetary savings is calculated by estimating the measurable savings in labor and/or material for the one-year period following adoption of the suggestion.

"B. The total cost of tools, fixtures, or other necessary expense required to place the suggestion in effect is determined, and one-fourth of this amount is deducted from one-half of the first year's gross savings. The suggester is awarded the remainder.

"Example: Bill Jones submits an acceptable suggestion which investigation indicates will reduce manufacturing costs 10 cents on each unit we manufacture. Cost of tools, fixtures, etc., to place the suggestion in effect is estimated

at \$600. If, for example, the company expects to produce 24,000 units (100 per day for 240 days) during the following year, computation of the award would be:

(a) One-half of the first year's gross savings (\$2,400.00) =	\$1,200.00
(b) One-fourth of tooling cost =	150.00
Amount paid suggester	\$1,050.00

"Tangible savings suggestion awards are limited only by the amount of net savings as determined by the award formula. The company reserves the right to alter or expand any suggested idea and to make whatever application of the suggestion it deems advisable. In determining the award the calculation is based on the known practical applications of the suggestion as finally determined by the company at the time of adoption."

Eli Lilly & Company, in determining suggestion awards, measures all cost reductions resulting directly from the suggestion, and specifies that "any action taken as the result of an eligible suggestion to revise methods, equipment, or processes shall constitute acceptance of the suggestion and shall entitle the suggester to a full award based upon the value of the revision." Awards for suggestions effecting a tangible saving are based on the anticipated value of the suggestion during the first year following its adoption, in line with the following schedule:

Estimated Net Annual Value	Award
\$500 or less	15% (\$5 minimum award)
\$500.01 to \$1,000	\$75, plus 20% of value over \$500
\$1,000.01 to \$2,000	\$175, plus 25% of value over \$1,000
\$2,000.01 or more	\$425, plus 30% of value over \$2,000

Apparently, the thinking behind the tendency to raise the percentage of first-year savings given as suggestion awards is this: if the move can bring in ideas that will save the company money for many years to come, why quibble about how much of the first year's savings are awarded? This same kind of thinking is also leading more companies to remove all limits on the amount of the award an accepted suggestion can win. This jackpot approach was adopted by 103 of the 196 companies reporting on their maximum awards in the NASS survey referred to above.

Along somewhat the same line, too, many firms are making it a practice to reappraise their estimates of the first year's savings from accepted suggestions after the year has ended. If the original estimate was too low, the suggester is given an additional award equal to the difference. But if the original estimate of expected savings was too high, then the company takes the loss.

INCREASING AWARDS TO COVER THE TAX

Recognizing the importance of the suggestion system, Great Britain has taken steps to grant the suggester tax relief. The following is quoted from a British publication:

"The value of suggestion schemes has now been recognized by Her Majesty's Inspectors of Taxes, and the Is-

land Revenue Authorities offer an additional incentive in that awards made in respect of suggestions are not taxable. This is a really useful form of encouragement."¹

President Eisenhower, in his recent State of the Union message, declared that he had directed the Secretary of the Treasury "to prepare appropriate proposals for revising, at the proper time, our tax structure . . . to enhance incentives for all Americans to work, to save, and to invest . . . as soon as our fiscal condition permits." It is possible that, in acting on such legislation, Congress may see fit to exempt suggestion awards from federal income tax.

However, with things as they are at present, several firms have found it advisable to soften the tax blow. They have started paying suggesters, over and above the amount of the regular awards, a sum sufficient to offset the tax due on these awards. The suggester, of course, then becomes liable for tax on his total take (the award plus the tax offset). Thus, if 18% is added to a \$500 award to cover the federal income tax due, the award winner is ultimately liable for tax on the full \$590 paid by the company. The procedure is explained by the National Cash Register Company in this way:

"When the award is added to your pay check, an amount sufficient to take care of the federal income tax, insofar as possible, is added to your award so that, when the tax is withheld, you still receive the amount of the award. City and social security taxes are not added."

THE INQUIRING SUGGESTION BOX

Some firms with successful systems find that it pays to accentuate the positive in attempting to make employees suggestion conscious. Their suggestion boxes challenge the employees to solve a specific problem. Suggestions on other subjects remain welcome and earn the usual awards if adopted. But a special higher award is offered for solving the special problem. For example, an announcement on the suggestion box might read: "Our electric bill runs to \$5,000 a month. We think it's too high. Can you tell us how it can be cut? We'll pay you not just the customary 10%—but 50%—of what your suggestion saves during the coming year."

NASS reports another dramatic use of the suggestion box. The one at the U. S. Bureau of Reclamation in Sacramento, California is equipped with an electric eye. The approach of an employee sets in motion a music box and a tape that gives a suggestion pep talk. For listening to the talk, the employee gets a free shoe shine from a mechanism at the bottom of the box.

The promotional techniques outlined above have one feature in common: they all attempt to motivate employees to submit more money-saving suggestions

by raising the size of the awards. It should be remembered, however, that a suggestion plan is successful only when it profits *both* the employees and the company. A promotional technique that awards bigger prizes without also producing bigger company profits is a losing proposition.

J. ROGER O'MEARA

Division of Personnel Administration

Management Bookshelf

The Motivation, Productivity, and Satisfaction of Workers—

This is a report of a year-long, close-up study—made by three members of the faculty of the Harvard Business School—of the job experiences of fifty production workers. Clinical and statistical research methods were used. Of most interest to management are the last fifty pages, which discuss the findings and suggest their practical implications for business.

For example, the authors conclude that workers whose subsistence needs are satisfied are no longer motivated by the traditional rewards held out by management. They state: "No amount of good wages, fringe benefits, and good working conditions, in and by themselves, will motivate such workers to give more than minimum effort." A new management approach to the solution of this problem is offered. By A. Zalesnik, C. R. Christensen, and F. J. Roethlisberger, *Harvard University Graduate School of Business Administration, Boston 63, Massachusetts, 1958, 442 pp., \$6.*

Personnel Research Frontiers—Personnel and human relations research is a recently identified branch of social science research. While this study, financed by the Ford Foundation, is focused on research on human problems of government organizations, it was found that most of the research conducted for the benefit of business and industry had equal application in government. Therefore, description of business research facilities and programs make up an important part of the survey. Personnel research needs of the future are indicated. An annotated bibliography brings together books and magazine articles on the subject of personnel research. By Cecil E. Goode, *Public Personnel Association, Chicago, Illinois, 1958, 176 pp., \$2.50 for members, \$3.50 for nonmembers.*

Behavior of Industrial Work Groups: Prediction and Control

—This is the first of a projected series of research studies, conducted at Columbia's Graduate School of Business, on organizational behavior. The project is aimed at breaking down the traditional boundaries separating what are essentially interrelated fields: formal organization and administration theory, human relations and personnel management, management decision making and production management, and collective bargaining. In this initial report, the differences that exist between various work groups are discussed, and a method is offered for predetermining reactions of these groups to supervision. By Leonard R. Sayles, *John Wiley & Sons, Inc., New York, New York, 1958, 182 pp., \$4.75.*

¹"The Importance of a Good Suggestion System Scheme," *Mass Production*, Vol. 33, No. 8, August, 1957, pp. 60-63.

Significant Labor Statistics

Item	Unit	1958							Year Ago	Percentage Change	
										Latest Month over Previous Month	Latest Month over Year Ago
		Dec.	Nov.	Oct.	Sept.	Aug.	July	June			
Consumer Price Indexes											
All items (NICB).....	1953 = 100	107.7	107.8	107.4	107.5	107.4	107.4	107.5	106.0	-0.1	+1.6
Food.....	1953 = 100	106.5	106.8	106.7	107.1	107.2	107.8	108.1	103.6	-0.3	+2.8
Housing.....	1953 = 100	107.1	107.0	106.8	106.7	106.6	106.5	106.8	106.3	+0.1	+0.8
Apparel.....	1953 = 100	102.3	102.3	102.2	102.1	101.9	101.9	102.0	102.0	0	+0.3
Transportation.....	1953 = 100	112.1	112.3	110.0	110.4	110.4	109.8	109.1	110.2	-0.2	+1.7
Sundries.....	1953 = 100	110.9	111.0	110.8	110.7	110.5	110.0	109.8	108.9	-0.1	+1.8
Purchasing value of dollar.....	1953 dollars	92.9	92.8	93.1	93.0	93.1	93.1	93.0	94.4	+0.1	-1.6
All items (BLS).....	1947-1949 = 100	123.7	123.9	123.7	123.7	123.7	123.9	123.7	121.6	-0.2	+1.7
Employment Status¹											
Civilian labor force.....	thousands	p 68,081	68,485	69,111	68,740	70,067	70,473	70,418	67,770	+0.6	+0.5
Employed.....	thousands	p 63,973	64,653	65,306	64,629	65,367	65,179	64,981	64,396	-1.1	-0.7
Agriculture.....	thousands	p 4,871	5,695	6,404	6,191	6,621	6,718	6,900	5,385	-14.5	-9.5
Nonagricultural industries.....	thousands	p 59,102	58,958	58,902	58,438	58,746	58,461	58,081	59,012	+0.2	+0.2
Unemployed.....	thousands	p 4,108	3,833	3,805	4,111	4,699	5,294	5,437	3,374	+7.2	+21.8
Wage Earners^{2,3}											
Employees in nonagr'l establishm'ts.....	thousands	p 51,825	r 51,378	r 51,136	51,237	50,576	50,178	50,413	52,610	+0.9	-1.5
Manufacturing.....	thousands	p 15,715	r 15,765	r 15,536	15,755	15,462	15,161	15,206	16,302	-0.3	-3.6
Mining.....	thousands	p 712	r 712	r 708	711	708	705	717	788	0	-9.7
Construction.....	thousands	p 2,486	r 2,786	r 2,887	2,927	2,955	2,882	2,806	2,612	-10.8	-4.8
Transportation and public utilities.....	thousands	p 3,886	r 3,886	r 3,897	3,886	3,897	3,907	3,904	4,094	0	-5.1
Trade.....	thousands	p 11,929	r 11,373	r 11,225	11,151	11,011	10,984	11,035	12,076	+4.9	-1.2
Finance.....	thousands	p 2,372	r 2,377	r 2,380	2,392	2,413	2,410	2,391	2,353	-0.2	+0.8
Service.....	thousands	p 6,382	6,424	r 6,463	6,472	6,452	6,465	6,488	6,318	-0.7	+1.0
Government.....	thousands	p 8,343	8,055	r 8,040	7,943	7,678	7,664	7,866	8,067	+3.6	+3.4
Production and related workers in mfg. employment											
All manufacturing.....	thousands	p 11,908	r 11,960	r 11,721	11,940	11,645	11,353	11,415	12,449	-0.4	-4.5
Durable.....	thousands	p 6,728	r 6,721	r 6,421	6,579	6,339	6,270	6,350	7,153	+0.1	-5.9
Nondurable.....	thousands	p 5,180	r 5,239	r 5,300	5,361	5,306	5,083	5,065	5,296	-1.1	-2.2
Average weekly hours											
All manufacturing.....	number	p 40.2	39.9	39.7	39.9	39.6	39.2	39.2	39.4	-0.8	+2.0
Durable.....	number	p 40.7	r 40.3	40.0	40.2	39.8	39.4	39.6	39.7	+1.0	+2.5
Nondurable.....	number	p 39.6	r 39.4	39.3	39.4	39.3	38.9	38.7	39.0	+0.5	+1.5
Average hourly earnings											
All manufacturing.....	dollars	p 2.19	2.17	2.14	2.14	2.13	2.13	2.12	2.10	+0.9	+4.3
Durable.....	dollars	p 2.35	2.33	2.29	2.30	2.28	2.28	2.27	2.24	+0.9	+4.9
Nondurable.....	dollars	p 1.97	1.96	1.95	1.95	1.94	1.94	1.94	1.92	+0.5	+2.6
Average weekly earnings											
All manufacturing.....	dollars	p 88.04	86.58	84.96	85.39	84.35	83.50	83.10	82.74	+1.7	+6.4
Durable.....	dollars	p 95.65	r 93.90	91.60	92.46	90.74	89.83	89.89	88.93	+1.9	+7.6
Nondurable.....	dollars	p 78.01	r 77.22	76.64	76.83	76.24	75.47	75.08	74.88	+1.0	+4.2
Straight time hourly earnings (estimated)											
All manufacturing.....	dollars	p 2.13	2.11	2.03	2.08	2.08	2.09	2.08	2.05	+0.9	+6.0
Durable.....	dollars	p 2.27	2.26	2.23	2.23	2.22	2.23	2.22	2.19	+0.4	+3.7
Nondurable.....	dollars	p 1.92	1.92	1.91	1.91	1.90	1.90	1.90	1.83	0	+2.1
Turnover Rates in Manufacturing²											
Separations.....	per 100 employees	p 2.7	r 2.8	3.2	3.3	3.2	3.0	2.8	3.8	-3.6	-28.9
Quits.....	per 100 employees	p 0.7	0.8	1.1	1.5	1.2	0.8	0.8	0.7	-12.5	0
Discharges.....	per 100 employees	p 0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0	0
Layoffs.....	per 100 employees	p 1.7	1.6	1.7	1.4	1.6	1.8	1.6	2.7	+6.3	-37.0
Accessions.....	per 100 employee	p 2.3	r 2.8	3.4	3.8	3.6	3.2	3.6	1.7	-14.8	+35.3

¹ Bureau of the Census. Beginning with January, 1957, employment status figures reflect slightly modified definitions of employment and unemployment.

² Bureau of Labor Statistics

³ The BLS has adjusted its nonfarm employment and hours and earnings series to first

quarter 1955 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since February, 1956.

p Preliminary.

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Supervisors Rate Handicapped Workers as Good Performers

EMployees of E. I. du Pont de Nemours & Company who, because of physical handicaps, require special job placement when hired nevertheless have excellent work records.

Almost half of them have safety records that are above what is considered average for all company employees; more than half have above-average attendance records, and more than 40% have above-average ratings in job performance.

These are the findings of a survey conducted by the company's employee relations department for the internal use of department supervisors, management, and staff groups. Other findings of the study indicate that: (1) persons who are handicapped when employed have better records of safety, attendance, and job performance than do workers whose handicaps occur after employment; (2) the nature of a handicap does not prevent a person from achieving a satisfactory level of performance; and (3) handicapped workers in the lower-level occupations have the poorest performance records of the whole handicapped group in the company.

Unlike some companies, du Pont was not attempting to compare the performance of handicapped and nonhandicapped workers. Instead, the company's purpose was: to test the often-expressed theory that persons hired with physical handicaps make good employees; to assay the importance of the severity of a handicap in work performance; and to determine where and how the company was employing the so-called physically handicapped.

Since the company's general personnel files do not

distinguish between handicapped and nonhandicapped persons, the survey was conducted through department supervisors. The supervisors were given rating questionnaires which stated: "When completing this questionnaire, please do not include minor cardiacs, diabetics, minor speech impediments, or such conditions as color blindness, end off finger, slight limp, etc. In other words, we are interested only in physically handicapped conditions which might prevent an employee from handling such jobs as the average non-impaired worker could handle."

Therefore, hundreds of minor cardiacs and diabetic cases were not included in the study. One thousand and twenty-one workers (slightly more than 1% of all employees) from all company departments were considered physically handicapped according to this definition. Thirty-four per cent of the 1,021 were handicapped at the time of employment.

After checking department safety and attendance records and evaluating their workers' job performance, supervisors rated the handicapped workers according to standards they considered average for their departments. They filled in the following information on the questionnaire:

- Name
- Position
- Nature of handicap
- Did handicap occur during company employment, and if so was it on or off the job?
- Did employee return from military service with handicap?

Table 1: Safety, Attendance and Job Performance Ratings of Persons Employed as Handicapped vs. Those Who Incurred Their Handicap After Employment

AA—Above Average
A —Average
BA—Below Average

Classification	Total	Safety Record						Attendance						Job Performance					
		Number			Per Cent			Number			Per Cent			Number			Per Cent		
		AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA
Employed as handicapped persons.....	346	171	173	2	49	50	1	198	132	16	57	38	5	145	175	26	42	51	7
Not employed as handicapped persons.....	675	225	434	16	33	64	3	168	383	124	25	57	18	128	441	106	19	65	16
Company total.....	1,021	396	607	18	39	59	2	366	515	140	36	50	14	273	616	132	27	60	13

- Was individual employed as handicapped person?
- Is performance above average, average, or below average for:
 - safety record
 - attendance
 - job performance

PERFORMANCE OF THE TWO GROUPS

The superior ratings of persons who had handicaps when employed over those that became handicapped after employment are shown in Table 1. About half the first group were rated above average in safety compared to a third of the individuals whose handicaps were acquired later. Similarly, more than half the first group have above-average attendance ratings compared to a fourth of the second group. And a far greater per cent of those handicapped prior to employment than those that became handicapped after

employment were rated above average in job performance.

This difference between the two groups of handicapped persons may reflect better motivation on the part of the individual who has obtained a job despite his handicap (often, perhaps, after being rebuffed when applying for other jobs). Another possibility, or perhaps a contributing factor, is the greater skill of movement of the person who has had a handicap for many years compared to the individual who acquires a handicap later in life.

SEVERITY OF THE HANDICAP

Some of the best performers among handicapped workers are persons who have the most severe type of handicap—blindness, paraplegia, amputation, etc. Almost nine-tenths of the blind persons who are employed have above-average records in safety and at-

Table 2: Safety, Attendance and Job Performance Ratings by Nature of Handicap

AA—Above Average
A —Average
BA—Below Average

Nature of Handicap	Total	Safety Record						Attendance						Job Performance					
		Number			Per Cent			Number			Per Cent			Number			Per Cent		
		AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA
Amputees.....	118	55	60	3	47	51	2	62	53	3	53	45	2	47	62	9	40	52	8
Blindness—total.....	9	8	1	0	89	11	0	8	1	0	89	11	0	2	6	1	22	67	11
Other vision impairments.....	153	55	96	2	36	63	1	64	79	10	42	52	6	50	95	8	33	62	
Cardio-vascular.....	259	84	173	2	32	67	1	52	154	53	20	59	21	40	180	39	15	70	15
Deafness—total and deaf mutes.....	12	7	4	1	58	34	8	7	5	0	58	42	0	5	6	1	42	50	8
Other hearing impairments.....	21	10	11	0	48	52	0	12	9	0	57	43	0	10	9	2	48	43	9
Multiple handicaps.....	20	10	10	0	50	50	0	8	8	4	40	40	20	4	13	3	20	65	15
Musculoskeletal (severe arthritis, deformities, scoliosis, ankylosis, etc.).....	193	70	118	5	36	61	3	72	88	33	37	46	17	47	114	32	24	59	17
Neurological (polio, paraplegics, cerebral palsy, etc.).....	131	68	63	0	52	48	0	56	59	16	43	45	12	53	64	14	40	49	11
Miscellaneous.....	105	30	70	5	28	67	5	25	58	22	24	55	21	14	68	23	13	65	22
Company total.....	1,021	397	606	18	39	59	2	366	514	141	36	50	14	272	617	132	27	60	13

Table 3: Safety, Attendance and Job Performance Ratings of Handicapped Employees, by Job Classification

AA—Above Average
A —Average
BA—Below Average

Job Classification	Total	Safety Record						Attendance						Job Performance					
		Number			Per Cent			Number			Per Cent			Number			Per Cent		
		AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA	AA	A	BA
Professional and technical.....	163	79	83	1	48	51	1	67	79	17	41	49	10	61	91	11	37	56	7
Supervisory and management....	77	45	32	0	58	42	0	32	41	4	42	53	5	26	49	2	34	64	2
Clerical.....	131	68	61	2	52	47	1	69	50	12	53	38	9	55	64	12	42	49	9
Craftsmen.....	221	78	134	9	35	61	4	81	105	35	37	47	16	61	121	39	27	55	18
Operators.....	258	76	178	4	29	69	2	68	149	41	26	58	16	47	172	39	18	67	15
Service workers.....	145	46	98	1	32	67	1	41	74	30	23	51	21	19	105	21	13	72	15
Laborers.....	26	5	20	1	19	77	4	8	16	2	31	61	8	3	15	8	11	58	31
Company total.....	1,021	397	606	18	39	59	2	366	514	141	36	50	14	272	617	132	27	60	13

tendance, and these ratings are higher than the similar ratings of amputees, deaf mutes, and other handicapped individuals. (See Table 2.) But the per cent of totally blind persons rated above average in job performance is lower than that of six of the other nine groups of handicapped workers shown in Table 2. On the other hand, the per cent of blind persons with the below-average ratings is lower than that of several other groups with less serious handicaps.¹ Persons who are totally deaf or who are deaf mutes comprise the next highest per cent in groups with above-average ratings in safety and attendance. They also have a high per cent with excellent job performance ratings.

RATINGS BY JOB CLASSIFICATION

The job classification rating of handicapped persons, compiled from information furnished by supervisors, shows that clerical workers have the greatest per cent of persons with above-average attendance and job performance. (See Table 3.) But the clerical workers

¹ The total number of blind persons is lower than that of any other single group of handicapped, as Table 2 shows.

are not represented by so large a per cent in the above-average safety group as are the handicapped supervisory and management personnel. A high per cent of the latter group and also of the technical workers who are handicapped have above-average ratings in the three areas of attendance, safety, and job performance. The supervisory and management group's over-all performance rating is especially significant because that group also has the lowest per cent of persons with below-average ratings of any group.

Operators, service workers, and laborers are the three groups with the lowest per cent of representation in the above-average rating categories. Although the craftsmen have a better per cent with above-average ratings, they also have a high per cent with below-average ratings.

The du Pont Company believes that the utilization of the abilities of the physically impaired is good business, and the results of this survey definitely support this belief.

DORIS M. THOMPSON

Division of Personnel Administration

Management Bookshelf

Addresses on Industrial Relations (1958 Series)—Each year, the University of Michigan sponsors talks by recognized authorities in the field of industrial relations. In 1958, the speakers discussed organization planning and management development, communication, training, motivation, and collective bargaining. What they said is now available in print, along with the questions and answers that followed the formal addresses. *Bulletin No. 26, Bureau of Industrial Relations, University of Michigan, Ann Arbor, Michigan, 1958, 271 pp., \$4.50.*

Personnel Administration in Libraries—During the last decade the tremendous increase in the number of libraries of all types has brought an urgent need for more information about the use of modern techniques in the handling of library personnel. This book is aimed at answering that need. It tells how to recruit, select, train and motivate library employees. In addition, it discusses the application in libraries of personnel practices for controlling communication, executive development, service ratings, plans for retirement, salary scales, and forms and records. The author warns that many of the suggestions will have to be modified to fit local conditions. However, special attention is given to the needs of small libraries, which cannot afford a complicated pattern of personnel administration. *By Kathleen B. Stebbins, The Scarecrow Press, Inc., New York, New York, 1958, 304 pp., \$6.*

Tools and Techniques of Modern Management—The management tools and techniques in this book are collected from talks given by experts at an institute on industrial management conducted by the Bureau of Business Management of the University of Illinois in cooperation with

the Illinois Manufacturers' Association. Included are pointers on choosing methods of employer-employee communication, evaluating fringes for both managerial and rank-and-file workers, administering unemployment and workmen's compensation benefits, and making the most of attitude surveys. *Edited by Aline L. Hopkins, Bureau of Business Management, College of Commerce and Business Administration, University of Illinois, Urbana, Illinois, 1958, 64 pp., \$2.*

Professional Leadership—Ethics, principally professional ethics, is the major concern of this published series of lectures. Although the author's background and major emphasis is on the legal profession, his concern for standards (as evidenced in the final essay) also applies to business managers reaching for professional status. *By Robert Gerald Storey, Dean of the Law School, Southern Methodist University, published by Claremont College, Claremont, California, 1958, 84 pp., \$2.75.*

Communication in Management—Two new chapters have been added to this revision of a book first published in 1953. One chapter is on employee publications, the other on communication and control. A new section describes communication in scientific and industrial research, and the reading lists at the end of each chapter have been brought up to date. Media for downward, outward, upward, inward and horizontal communication are discussed and related to guiding principles for more effective results. Both philosophy and techniques are covered in this comprehensive guide to modern practice. *By Charles E. Redfield, the University of Chicago Press, Chicago, Illinois, 1958, 314 pp., \$5.*

The Supervisor Looks at the Problems Ahead

NINE OUT OF TEN supervisors see their most challenging problem in the year ahead as one of human relations. This does not mean that responsibility for cost control, quality, maintenance and customer service is not important to them. Rather, the supervisor seems to feel that now, more than ever, he must depend on getting results through people; and stepped-up mechanization will increase, not decrease, the importance of the human element.

These are some of the findings of a recently published national supervisory opinion survey, conducted by Glenn Gardiner, editor of *Management Information*.¹ One hundred and fifty companies, diversified as to industry, size, and geographic location, were asked to distribute questionnaires to ten of their supervisors whom they considered to be a representative cross section of their organizations. Sixty-four per cent of the supervisors contacted filled out the questionnaires. Also, top executives in the same companies, as well as an additional group of executives, answered the same questions and made comments. In this way it was possible to compare the supervisors' answers with the answers of top management people. The survey indicated a high correlation between the thinking of the two groups. It also indicated that supervisors would like to participate more effectively as members of management, and that management, in turn, is aware of the importance of such closer contact.

An analysis of the questionnaire showed a pattern of answers that fell into the following six general areas:

1. Motivation
2. Technological change
3. Teamwork
4. Communication
5. Performance
6. Management participation

Each of these will be considered briefly in this summary.

1. Motivating employees is the specific problem that 43% of the supervisors believe will give them most difficulty in the year ahead; and 42% of the cooperating executives concur in this. Along these same lines, more than three-quarters of all supervisors queried want help in understanding their people better. An equal number are interested in learning more about treating

people as individuals. And many indicated they would like to go further into the broader aspects of psychology.

2. The majority of both supervisors and executives see technological change in the picture for the year ahead. How will new processes and the installation of new equipment affect the role of the supervisor? What can he do to get the workers' cooperation when innovations are made? Typical of the comments of hundreds of supervisors is the following:

"Never give an employee a new method or machine change saying, 'Here it is and this is the way it is going to be done from now on.' . . . First talk to the employee and explain the changes, giving him a chance to give his views."

Many supervisors would like training in specific techniques on how to get the workers' participation when changes occur. One supervisor writes: "Ask for their help in improvement. Let them take part in it, and use as many of their ideas as possible."

More than a third of the supervisors point out the need for showing employees how they benefit from any changes that are made. And many of them indicate that they recognize that their own attitude toward change plays an important part in gaining the workers' acceptance.

3. "Stimulate closer teamwork" was the answer checked by 57% of the supervisors when they were asked: "What do you think will be the best way for you to improve work output per man-hour?" Sixty-seven per cent of the executives checked the teamwork answer.

The director of industrial relations of a utility company writes:

"A major portion of a supervisor's success is dependent upon the cooperation and teamwork of his personnel. If he is sensitive and responsive to their needs, he greatly increases the teamwork and cooperation he receives."

4. Communication runs a close second to motivation as the problem that will present the greatest challenge in the year ahead. Eighty-four per cent of the supervisors and 88% of the executives feel it will be more important as a supervisory function in 1959 than ever before. (Less than 1% of the supervisors and no executives think it will be *less* important.)

Eighty-six per cent of the supervisors want to improve their man-to-man communication contacts, according to the survey. Possibly as part of this, they are

¹ For a full report on this survey, write the Elliott Service Company, 36 N. MacQuesten Parkway, Mount Vernon, New York.

concerned with the art of listening; communication is no longer considered a one-way process. A supervisor writes: "Always hear a guy through when he thinks he has a gripe because, you know, many times he does have one."

An executive writes: "Cooperation will, in my opin-

And What Do the Workers Want?

The findings of the Gardiner survey indicate that the old "treat-them-rough, tell-them-nothing" school is pretty much a dead duck with most supervisors. Rather, supervisors are deeply concerned with human relations problems and the whole area of getting the cooperation of their men.

But what about the rank and filers themselves? Is this important to them in terms of job satisfaction? Is a supervisor who is people-centered to be preferred to one who is production-centered?

A little less than a year ago, Dr. Robert L. Kahn of the Survey Research Center of the University of Michigan reported to the Board on some of his research findings.¹ He wrote:

"We asked 2,500 midwestern industrial workers this question: 'Different people want different things out of a job. What are the three things you yourself feel are *most important* in a job?' The answers we got went something like this:

"Steady work and steady wages.....	61%
Getting along well with the people	
I work with	36
High wages	28
Getting along well with my supervisor.....	28
Good chances for promotion.....	25
Good chance to do interesting work.....	22
Good physical working conditions.....	21
Good chance to turn out good quality	
work	16
Pensions and other old-age security	
benefits	13
Not having to work too hard.....	13"

These data seem to show that there is a significant area where the supervisor can help his men to achieve at least some of their work goals.

But the difficulty may be in just how to go about this. Returning to the Gardiner survey, the data there suggest that even though the supervisor recognizes the importance of human relations, he is often unsure of how to implement them. And in many instances he is looking to top management for help and guidance in solving his human relations problems. Also, it may be that although the supervisor considers himself "human relations oriented," he sometimes has a rather naive or limited concept of what good human relations encompass. For instance, when asked about communication on the job, Mr. Gardiner quotes one supervisor as stating: "Never pass up the opportunity to say good morning to each of your men—even if it's raining."

¹ See the *Management Record*, April, 1958, p. 121.

ion, be promoted best by the establishment of more complete industrial systems of communication which will effectively promote the feeling of 'in on things' of all employees. . . ."

5. The question was asked, "Which three of the following company problems will make the greatest demands upon you as a supervisor in the year ahead?" Seventy-four per cent of the supervisors checked "keeping costs down"; 60% checked "keeping quality up"; 31% checked "giving customers better service"; and 61% checked "improving employee performance."

Obviously, the interrelatedness of these items was grasped in many cases. Briefly the comment was: "If you improve employee performance, then costs, quality, waste, and good safety records will fall in line."

Supervisors also are looking for ways to make workers aware of the effect of employee performance on costs, quality and customer service. One writes:

"Supervisors should take time to explain to an employee how his particular job fits in with that of other employees; why his job is important; how, if he does poor work, it would affect the finished product and result in a dissatisfied customer."

Along this same line, many supervisors indicated they need help in getting across to employees the relationship between costs, competitive competence, profits, and job security. A supervisor suggests, "Relate cost control to the employee by showing him how it can effect his pay check."

6. Management participation, the survey indicates, is something supervisors believe needs stressing. A supervisor writes: "Top management needs to get closer to problems of lower management and help effect solutions." Another suggests "a better link between management and foremen. . . ."

Management too, it would seem, sees the desirability of a closer link between the supervisory level and the upper-echelon people. The manager of a furniture factory writes:

"The problem is including supervision as part of management. You will notice that I used the word 'including' rather than a phrase such as 'making the supervisors feel they are part of management.' The object is to definitely include supervision in the management responsibilities and make them part of the management functions."

And a training representative in a rubber company says:

"Supervisors need a broader concept of the business—sales, distribution, production control, forecasting and research—how the whole business ties together to form the corporate image."

Supervisors also feel that closer contact with others at the same level in the organization is important. In fact, 42% checked "exchanging ideas with other supervisors" as what is most needed to improve supervision.

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Division of Personnel Administration

PERSONNEL PRACTICES

Handling Chemicals with Care

Fathers who had Santa Claus bring their sons chemistry sets for Christmas are not the only ones worried about the potential dangers of chemicals. As technology advances, more and more chemicals are being used in industrial plants. Some of these chemicals, if not handled with care, can cause serious damage to both men and machines. To guard against such damage, the Technical Center of Owens-Illinois Glass Company has developed a "Chemical of the Month" program. Each month a questionnaire covering a different chemical is sent to all departments. It states the name of the chemical, its ordinary state, its fire state, and the probable safe concentration.

The department is asked if it is using the chemical, what safeguards are being taken, what individuals are working with it, and where it is located. From the data supplied by these questionnaires and by regular building safety inspection tours, a monthly "Safety Information Sheet" is prepared for each chemical. This is sent to people using the chemical to acquaint them with its toxic hazard rating; maximum acceptable concentration; physiological, fire and explosion hazards; disaster control; personal protection; storage; and first aid. Other benefits of the "Chemical of the Month" program enable the company to determine just what chemicals are being used in the various units, to prepare the medical department for the possibility of injuries from these chemicals, and to maintain proper safety equipment.

Collective Bargaining Schedule for 1959

At least 155 major contracts, covering more than 3 million workers, are scheduled to expire during 1959. So reports the Bureau of Labor Statistics, in its annual roundup of contract reopenings and expirations for the coming year. "Major" agreements are defined by BLS as those covering a minimum of 5,000 employees.

One of the largest single groups of collective agreements due for renegotiation this year is; of course, in basic steel. The United States Steel Company contract, as well as those of the eleven other basic steel companies signing the memorandum of settlement following the steel strike of July, 1956, expires on June 30, 1959.

Other major contracts scheduled to expire during 1959 include the following industries: rubber, aluminum, meat packing, railroads, and the can industry.

As can be seen from the following table, prepared by BLS, the bulk of collective bargaining activity is concentrated during the second quarter of 1959.

Contracts Expiring in 1959

Year and Month	Number of Agreements	Number of Workers (thousands)	Significant Bargaining Situations
1959	155	3,074.2	
January	6	58.8	
February	12	192.2	Telephones
March	10	79.9	
April	13	160.6	Rubber; Textiles
May	15	228.6	Women's apparel; Telephones
June	37	677.0	Steel; Metal mining; West coast longshoring; Telephones
July	11	108.9	Aluminum
August	12	109.9	Meat packing
September ...	14	163.2	Cans; Atlantic and Gulf coasts longshoring
October	8	1,078.8	Railroads
November ...	5	59.1	
December ...	12	157.2	

Four-Legged Employees Need Attention, Too

"Personnel administration" obviously embraces a wide field of activities, but the term is not quite expansive enough to encompass one of the unusual responsibilities of the personnel administrators of the Fred Harvey organization. For they oversee the welfare of the faithful, four-legged employees of the company—the mules that carry sightseers up and down the trails of the Grand Canyon.

Procedures are carefully established for the animals' working hours, rest periods, food and housing. Even as in the case of men, these are directly related to efficiency on the job. A mule, to be sure, has a natural way of registering grievances, but balking can be disconcerting on a steep path with a precipice only inches away. Incidentally, the grievance rate for Fred Harvey's mules is practically nil.

Floating Holiday Assures Four-Day Week End

Not just another holiday, but a four-day week end has been added to the paid-time off of Eastman-Kodak employees. The new holiday (bringing the yearly total to eight) will not fall on any specific date. Instead, it will be tied in with Christmas, July 4th, or

Thanksgiving to provide a four-day week end. For example, if Christmas or July 4th falls on Tuesday (it's impossible for both to fall on Tuesday in a given year), then the Monday will be declared a holiday. Likewise, if Christmas or July 4th fall on Thursday, then the Friday following will be a holiday. If neither Christmas nor July 4th fall on Tuesday or Thursday, then employees will get the Friday after Thanksgiving as their eighth paid holiday. In any case, the employees are assured of at least one four-day holiday every year.

Scholarship Fund Replaces Gifts to Customers

The excitement of the Christmas season has long since passed. Only the memories and, in some cases, the bills linger on. Also in many instances, there are "white elephant" gifts that companies' customers have as mute reminders of well intentioned but uninspired giving.

One company that encounters no difficulty of this kind and continues to receive laudatory comment about its unusual plan of gift giving long after the Christmas season has passed is Everest & Jennings, Inc., of Los Angeles, manufacturers and distributors. Each holiday season, this company sends a Christmas greeting to its customers and friends reminding them that instead of receiving gifts, they are contributing to college scholarships for young students.

The inside page of the 1958 Christmas card had pictures of four young people and an explanation of the kind of scholarships they have been awarded by the company. The following explanation accompanied the pictures:

"For these deserving young people, Christmas came in September, and you played a part in their happiness. A contribution was made in your name toward the university scholarships which are now helping them realize their dreams. We know you will appreciate sharing with us this expression of the real spirit of Christmas.

Everest & Jennings, Inc."

This custom was started some years ago when the company's management decided to take funds set aside for Christmas gifts to customers and invest them in scholarships for deserving students. Through annual Christmas messages, customers have been notified ever since that they are aiding in the education of young people.

The company's initial card of this type showed a picture of the first winner of the Everest & Jennings scholarship and included the following message:

"Yes, John's Christmas will be a merry one—and all of us will share in it. This deserving young man's dream of becoming a doctor will now be realized. This year, instead of sending you the traditional kind of Christmas remembrance, we have made a contribution in your name to John's complete medical scholarship. We know you will appreciate sharing in this true expression of Christmas."

In other years, the messages started in the following manner:

"Again this year, instead of sending you the traditional kind of Christmas remembrance, we have made a contribution in your name to four deserving young people's scholarships."

Keeping Agreements Green

Agreements that companies make with their employees are like gardens that need tending. They have to be kept green in the memory of the employees either by explaining them periodically in the company magazine or by describing them in more "permanent" form in the employee handbook. Otherwise, they may die on the vine.

A few years ago, for example, the employees of a large New York insurance company petitioned management for an extra holiday following Thanksgiving. We would like to trade Veterans' Day (November 11), they said, for the day after Thanksgiving, and thus have a four-day week end. Management was agreeable, and the deal was made. But now new employees and old employees with short memories are complaining that they have to work on Veterans' Day while practically all their friends in other companies have the day off!

Unusual Ad Attracts Interest

Approximately 99% of all "Help Wanted" ads in newspapers are of the traditional variety. The job to be filled is described in something less than inspired prose. Such ads ordinarily draw well enough, and company executives would think it a mistake to wax ecstatic over most beginning jobs.

A different approach, however, may be needed at certain times and for certain jobs. If the labor market is tight, the traditional ad may not bring in enough good candidates. And an eye-catching ad may be needed to interest applicants with particular qualifications.

Such an ad appeared in one of the New York City papers not long ago. It was a "display" ad, it was boxed, and it was placed strategically on a news page of the paper rather than in the classified advertising section. A portion of the ad read:

BOY WANTED

Steady

\$30,000 to \$40,000

It's a very special kind of boy we want. He must be a top creative writer with a wealth of agency experience and be capable of becoming Copy Chief of a fine, respected agency. . . .

One Union Feud Simmers Down, Another Flares Up

THE LONG-STANDING but recently dormant feud between the Teamsters' union, ind., and the Brewery Workers, AFL-CIO, has once more reached the boiling point. At the same time, two former bitter opponents—the National Maritime Union and the Seafarers' International Union, both AFL-CIO—have signed a "peace pact" aimed at resolving their past disagreements.

Last June, *The International Teamster* announced that that union and the Brewery Workers "may be nearing a solution to their long-standing rivalry, which began at the turn of the century." Members of both unions met to seek ways of developing mutual cooperation, and Teamster President Hoffa indicated that the meetings had his "wholehearted and unqualified support." A recent issue of *The Teamster*, however, makes it quite clear that this cooperative period has ended. The issue headlines a story, "Brewery Workers' Contracts Lag" and discusses the battle between the two unions over representation rights at two new breweries. According to *The Teamster*, AFL-CIO President George Meany, by banning cooperation pacts between AFL-CIO affiliates and the Teamsters,¹ is to blame for the breakdown of the cooperation talks.

At the same time, a recent issue of *The Brewery Worker* accuses the Teamsters' union of "buying its way to power" in the representation fight, and of resorting to "dirty campaign tactics" and to the "usual pattern of lies and deceit."

In contrast, the National Maritime Union and the Seafarers' International Union have signed a "peace pact." Both unions, reports the *AFL-CIO News*, have agreed to withdraw unfair labor practice charges pending before the National Labor Relations Board and the courts.

The pact was preceded by a period of joint cooperation during the recent boycott of "runaway" ships flying "flags of convenience." One of the major accomplishments of the boycott, says *The Seafarers Log*, was that the two major unions involved "demonstrated their ability to work efficiently and in complete harmony on this issue."

NMU President Joseph Curran, writing in the *NMU Pilot*, declares that "the year 1958 marked the first break in the long record of bitter fights involving the NMU and the SIU. Greater issues which face all

of us, such as the tremendous problem of 'runaway' ships operating under 'flags of convenience,' made it possible for both our organizations to work together constructively."

Companies "Forcing" Arbitration, Steelworkers Charge

Delegates to a recent district meeting of the United Steelworkers of America, AFL-CIO, have lodged a protest against what they consider an "alarming" increase in the number of grievances going to arbitration, reports *Steel Labor*. The union members charge that companies are forcing cases to arbitration, "even though a clear-cut precedent has been set by an earlier decision in a similar case." Accordingly, a resolution was adopted by the district delegates, urging the international union's executive board and wage policy committee to end these "abuses" by giving the workers the "right to conduct a strike vote if investigation shows management is using such provisions to avoid fair settlement of grievances."

The district director of the Steelworkers is quoted as saying that a five-year survey made by his organization showed that the increase in the number of arbitration cases is crippling the grievance process through unnecessary delay. Many companies, said the district director, are "making little or no attempt to settle disputes at the earlier stages of the grievance procedure."

Unions Not Responsible for Price Rise, Says AFL-CIO

Economists of the AFL-CIO have charged that government and management decisions, rather than union-negotiated wage increases, have pushed up production costs and caused higher prices. Among those voicing this argument in testimony before the Congressional Joint Economic Committee were Stanley H. Ruttenberg, AFL-CIO research director, and his assistant director, Nat Goldfinger. Excerpts from the arguments presented by these men appear in the *AFL-CIO News*.

Among the factors that have contributed to rising costs, they state, are the following:

- As a result of tax laws enacted in 1954, depreciation charges have increased from \$3 billion to \$4 billion. Similarly, the same law stimulated research and development costs by making them deductible as current expenses.

¹ See the *Management Record*, September, 1958, p. 306, for a discussion of Mr. Meany's ban.

- Through administered prices, key industries, such as the steel industry, are making "handsome profits" despite their operating at only partial capacity.

- "Tremendous increases in interest payments" have resulted from internal corporate financing of plant and equipment from 1955 through 1957.

In an effort to de-emphasize wage costs as a cause of inflation and call attention instead to many other "complicated cost factors," AFL-CIO economists offer the following suggestions:

"Establishment of a government price commission to study and analyze the price structure and provide vitally needed information; stand-by stabilization measures to prevent Korean-type price inflation; a government price supervision agency to examine proposed price increases; re-examination of government farm support programs; and a consumer economics agency in the Department of Labor."

Auto Workers Hail Strike Benefits Test Case

United Auto Workers' Secretary-Treasurer Emil Mazey has hailed a recent ruling by the Seventh Circuit Court of Appeals as a "vindication" of his union's position that, at least under certain circumstances, strike benefits may not be taxable. The ruling is reported in the *AFL-CIO News*, and arises out of the case of Allen Kaiser, a former Kohler Company employee who received strike benefits in the form of food vouchers, rent payments and the like from the United Auto Workers during 1954. The employee listed these benefits as gifts on his income tax return, but the Internal Revenue Service ordered him to pay federal income tax on the value of the goods received.

In making its decision, the Court of Appeals held that the strike assistance given to Mr. Kaiser fell into the same category as public assistance grants and, as such, should not be taxed, says the *AFL-CIO News*. The court held that "it seems clear that the strike benefits which were paid were completely unrelated to [Mr. Kaiser's] former earnings. The benefits were given only because he and his family were in need. . . ."

Lest union members be fooled into thinking that all strike benefits are exempt from federal income tax, the *AFL-CIO News* warns that "the court made it plain that its decision was reached on the facts in Kaiser's particular case." Quoting the court, the federation's paper says that "the question as to whether such benefits received under other circumstances might constitute taxable income" was not settled by this ruling. (Mr. Kaiser received strike assistance on the basis of need; the present UAW strike assistance program furnishes cash to union members as their "right.")

The United Auto Workers' union has been particularly concerned with the outcome of this as a test case, because more than \$500,000 has been given by the union to those on strike against Kohler.

Auto Workers' Membership Declines

Since 1955, membership in the United Auto Workers, AFL-CIO, has declined by 300,000. In 1955 the union claimed 1,328,634 members; by 1958 this number had decreased to 1,026,050. This "dismal fact," says the union's newspaper, *Solidarity*, is attributable in great part to the recession, and the resulting decline in auto production.

The drop in dues-paying membership has caused a financial problem for the Auto Workers' union, and resulted in an economy program. In line with this program, *Solidarity* announces that it will henceforth be issued monthly. First published on a weekly basis, *Solidarity* became a biweekly last spring, when the UAW announced the start of its austerity program.¹

Meany Lauds Report on OASI

AFL-CIO President George Meany has praised the recent report of the Advisory Council on Social Security Financing, which declared the Social Security system to be "financially sound." Mr. Meany is quoted in the *AFL-CIO News* as saying that the report "should put an end to the propaganda scare stories circulated from time to time by some irresponsible persons who have not yet accepted the fact that Social Security is here to stay." In his remarks, Mr. Meany was referring to recent allegations that the Social Security system was financially weak because payments exceeded receipts for a two-year period.

The advisory council, a tripartite group representing employers, employees and the public, was appointed by the Secretary of Health, Education and Welfare, and charged with investigating the financial structure of the nation's Social Security system. In a unanimous report, says the *AFL-CIO News*, the council found that "no fundamental changes are required or desirable" in financing Social Security.

MARIE P. DORBANDT

Division of Personnel Administration

¹ See *Management Record*, June, 1958, p. 230.

UNFAIR LABOR PRACTICE?

As part of a promotion scheme, an Atlanta, Georgia firm recently advertised that it would send a "miniature Civil War pup tent" to anyone who wrote the company giving his name, address and occupation. The ad was seen by a local labor leader in Scranton, Pennsylvania, who wrote as instructed, stating that his occupation was "union officer."

Several weeks later the labor leader received this reply from Atlanta:

"We regret to advise you that we have only five of the miniature tents left. We have, moreover, noted that you are a union officer. After considering this, we have decided to reserve the remaining five tents for Confederate officers. We believe you will understand our motives in this."

—from the United Mine Workers Journal

1958 Consumer Prices: The Year in Review

How did the recession year of 1958 affect the various components of the Board's consumer price index? In this analysis, food gets special attention

ALTHOUGH 1958 marked a slackening in the steady climb of retail prices of more than two years, consumers did not find much relief from the high prices that have characterized our economy in recent years. THE CONFERENCE BOARD's consumer price index in December, 1958 recorded a gain of 1.6% from December, 1957. Annual figures show that prices for consumer goods and services in 1958 advanced 2.6% over the 1957 level.

PRICES AND THE RECESSION

The recession, which took hold during the third quarter of 1957, had recorded noticeable declines in business activity in most parts of the economy by the end of the year. It was not until the second quarter of 1958 that a reversal was evident; and even as the year came to a close, the economy had not fully recovered.

Prices, however, maintained their strength throughout 1958 despite declines in other areas. Both wholesale and retail price indexes rose to new heights early in the year, mainly reflecting the upsurge in food prices. The wholesale price index reached its peak for 1958 in March, when the price level was 1.0% above the December, 1957 level. Retail prices, as measured by the Board's index, registered a 0.8% increase for

the same period. And from this point, the consumer price index continued to push upward, gaining a total of 1.4% for the first half of the year. Wholesale prices, on the other hand, declined in April, recovered in May, only to drop again in June to a point slightly below the April level.

In the third quarter, when business was on the upturn, prices remained stable, both at the retail and the wholesale level. For the remainder of the year, the apparent price stability in the retail sphere was broken only by seasonal gains in new cars, which carried the all-items index to a new high in November, but it leveled off again in December.

These movements in prices during 1958 largely reflect trends in food costs which, at the wholesale level, reached their peak in March for farm products and in June for processed foods. With the exception of a brief price upturn for farm products in May, both food groups have been moving downward since their peak months. For the consumer, prices continued to rise through June, declining after that month principally under the influence of seasonally abundant supplies, with produce items relieving the unusual scarcities of the winter season.

In the other parts of the two indexes, less marked changes were evidenced. During the past two years, commodities other than farm products and processed foods in the wholesale index have varied in price within a very restricted range. Between December, 1956 and December, 1958, they have shown a total gain of 2.0%, with those dates marking the two extremes in the index. Most nonfood commodity groups were well within this range. Intermediate goods were quite steady during this two-year period, and fluctuations in crude materials depended largely upon changes in prices of unprocessed foods; finished goods, whose relative importance in the index is somewhat under 50%, did gain 3.7% between December, 1956 and December, 1958. (March, 1958 was the high point for the two years, another 0.7% above the December, 1958 level.) But this change was not substantial enough by itself to push the index beyond the 2% limit.

Retail prices of nonfood items throughout 1957 showed no declines in any index component except transportation, which is affected by seasonal fluctuations in automobile prices. Although 1958 has pro-

Chart 1: Percentage Changes in the Consumer Price Index from December, 1957 to December, 1958

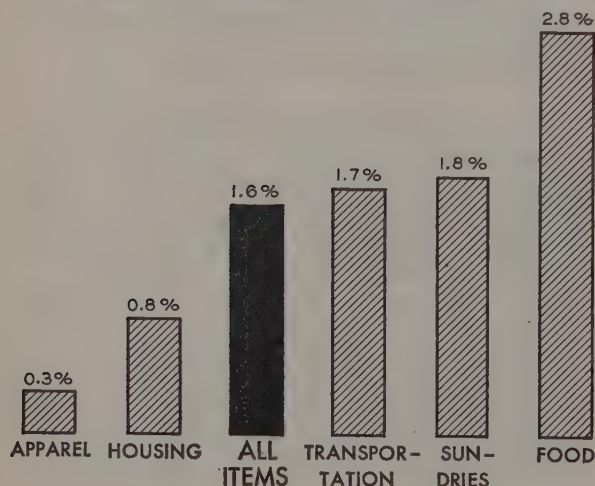
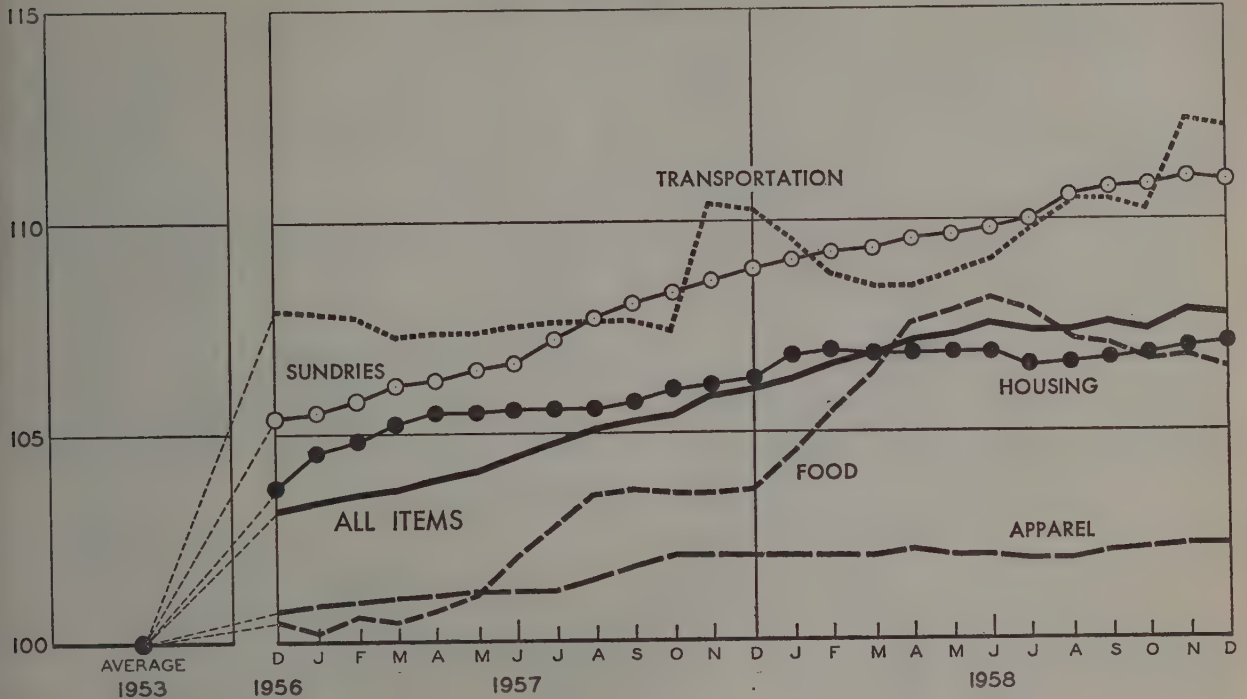


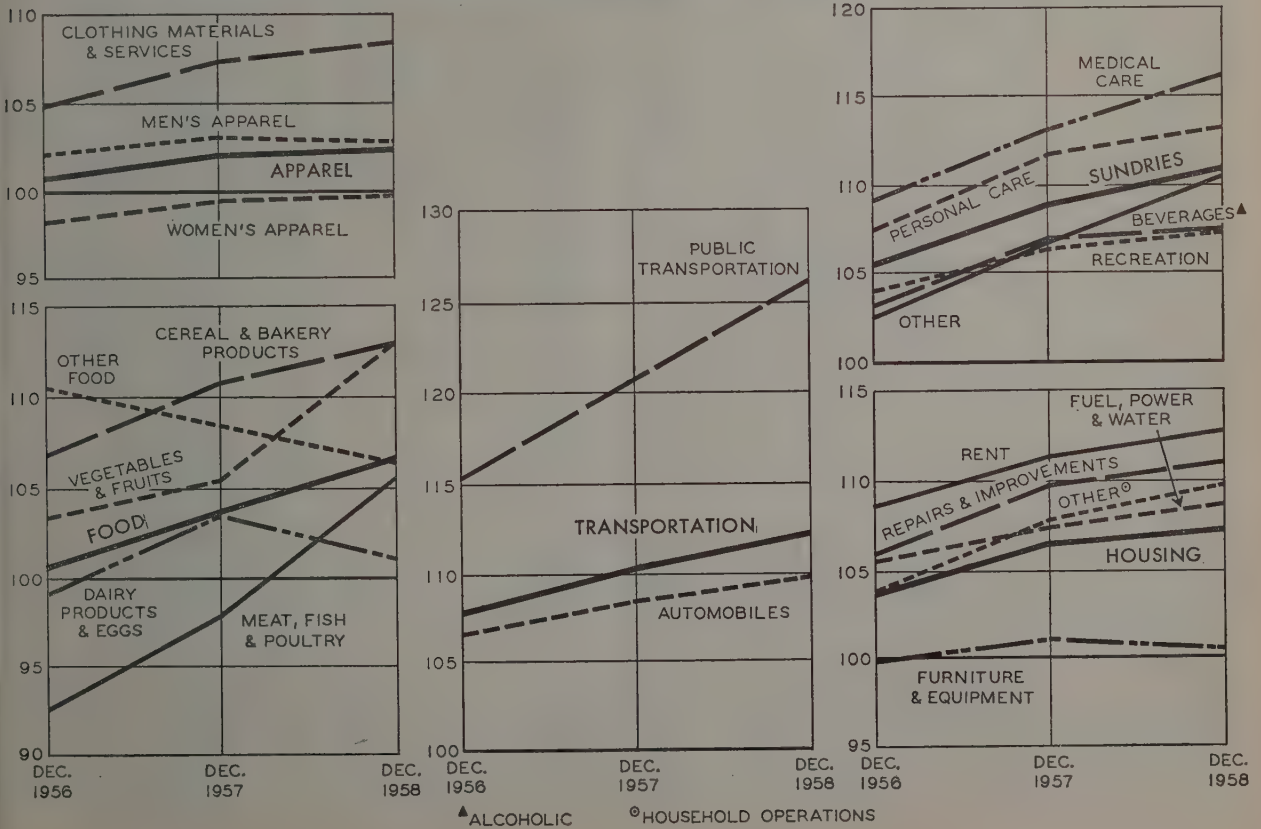
Chart 2: Consumer Prices During 1957 and 1958

1953 = 100



Changes Within the Components between December, 1956 and December, 1958

1953 = 100



Consumer Price Indexes for Individual Cities

NOTE: These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standard of living.

Cities Surveyed Monthly

	1953=100			Percentage Changes			1953=100			Percentages Changes	
	Dec. 1958	Nov. 1958	Dec. 1957	Nov. 1958 to Dec. 1958	Dec. 1957 to Dec. 1958		Dec. 1958	Nov. 1958	Dec. 1957	Nov. 1958 to Dec. 1958	Dec. 1957 to Dec. 1958
Chicago						Los Angeles					
All Items.....	110.5	110.4	108.8	+0.1	+1.6	All Items.....	107.3	107.3	105.3	0	+1.9
Food.....	108.2	108.3	104.8	-0.1	+3.2	Food.....	107.3	106.9	103.9	+0.4	+3.3
Housing.....	112.2	112.0	111.4	+0.2	+0.7	Housing.....	105.3	105.4	104.4	-0.1	+0.9
Apparel.....	102.8	102.9	102.5	-0.1	+0.3	Apparel.....	103.0	102.8	102.5	+0.2	+0.5
Transportation.....	115.4	115.4	114.3	0	+1.0	Transportation.....	109.2	109.5	107.3	-0.3	+1.8
Sundries.....	112.1	112.0	110.7	+0.1	+1.3	Sundries.....	111.3	111.2	108.7	+0.1	+2.4
Houston						New York					
All Items.....	108.1	107.9	106.4	+0.2	+1.6	All Items.....	108.0	108.3	106.2	-0.3	+1.7
Food.....	107.2	106.3	104.0	+0.8	+3.1	Food.....	108.9	110.2	104.9	-1.2	+3.8
Housing.....	106.4	106.3	106.7	+0.1	-0.3	Housing.....	107.4	106.8	106.5	+0.6	+0.8
Apparel.....	103.2	103.2	103.5	0	-0.3	Apparel.....	100.2	100.1	100.5	+0.1	-0.3
Transportation.....	114.6	114.6	112.5	0	+1.9	Transportation.....	118.9	119.1	117.9	-0.2	+0.8
Sundries.....	110.1	110.4	106.7	-0.3	+3.2	Sundries.....	107.8	108.1	107.0	-0.3	+0.7

Cities Surveyed Quarterly

	1953=100			Percentage Changes			1953=100			Percentage Changes	
	Dec. 1958	Sept. 1958	Dec. 1957	Sept. 1958 to Dec. 1958	Dec. 1957 to Dec. 1958		Dec. 1958	Sept. 1958	Dec. 1957	Sept. 1958 to Dec. 1958	Dec. 1957 to Dec. 1958
Atlanta						Indianapolis					
All Items.....	105.5	105.7	104.6	-0.2	+0.9	All Items.....	106.7	106.3	105.0	+0.4	+1.6
Food.....	102.2	104.0	100.3	-1.7	+1.9	Food.....	103.7	103.5	100.7	+0.2	+3.0
Housing.....	105.8	105.8	105.2	0	+0.6	Housing.....	106.6	106.5	106.7	+0.1	-0.1
Apparel.....	101.0	101.1	100.4	-0.1	+0.6	Apparel.....	101.8	101.9	101.2	-0.1	+0.6
Transportation.....	112.7	110.3	113.0	+2.2	-0.3	Transportation.....	111.9	109.1	108.0	+2.6	+3.6
Sundries.....	108.2	108.1	107.6	+0.1	+0.6	Sundries.....	110.7	110.6	109.2	+0.1	+1.4
Cleveland						Kansas City					
All Items.....	107.7	107.6	106.7	+0.1	+0.9	All Items.....	106.4	106.7	105.2	-0.3	+1.1
Food.....	103.8	103.9	102.3	-0.1	+1.5	Food.....	101.9	101.8	100.6	+0.1	+1.3
Housing.....	106.9	107.1	106.9	-0.2	0	Housing.....	105.8	106.2	105.2	-0.4	+0.6
Apparel.....	104.2	104.1	103.2	+0.1	+1.0	Apparel.....	99.9	100.0	99.7	-0.1	+0.2
Transportation.....	113.0	110.9	110.4	+1.9	+2.4	Transportation.....	108.0	109.2	108.7	-1.1	-0.6
Sundries.....	113.0	113.9	112.3	-0.8	+0.6	Sundries.....	116.9	116.9	113.1	0	+3.4
Denver						Lansing					
All Items.....	107.2	107.1	105.9	+0.1	+1.2	All Items.....	108.4	108.1	107.2	+0.3	+1.1
Food.....	106.6	105.7	103.2	+0.9	+3.3	Food.....	109.5	110.1	106.6	-0.5	+2.7
Housing.....	105.7	105.6	105.0	+0.1	+0.7	Housing.....	106.2	105.9	106.4	+0.3	-0.2
Apparel.....	102.5	102.6	102.2	-0.1	+0.3	Apparel.....	101.9	101.9	101.4	0	+0.5
Transportation.....	109.4	110.7	111.1	-1.2	-1.5	Transportation.....	114.1	111.7	112.3	+2.1	+1.6
Sundries.....	111.9	111.6	109.4	+0.3	+2.3	Sundries.....	110.2	109.7	108.9	+0.5	+1.2
Des Moines						Milwaukee					
All Items.....	107.3	107.4	106.5	-0.1	+0.8	All Items.....	105.1	105.5	104.3	-0.4	+0.8
Food.....	103.8	105.4	104.4	-1.5	-0.6	Food.....	100.0	101.5	99.2	-1.5	+0.8
Housing.....	105.0	104.9	104.6	+0.1	+0.4	Housing.....	104.7	104.9	104.9	-0.2	-0.2
Apparel.....	103.4	103.3	102.6	+0.1	+0.8	Apparel.....	100.3	100.6	100.1	-0.3	+0.2
Transportation.....	115.0	112.7	112.3	+2.0	+2.4	Transportation.....	113.8	112.3	111.5	+1.3	+2.1
Sundries.....	113.6	114.1	111.3	-0.4	+2.1	Sundries.....	109.9	110.6	108.4	-0.6	+1.4
Evansville						Pittsburgh					
All Items.....	104.2	104.0	102.8	+0.2	+1.4	All Items.....	108.2	108.2	105.7	0	+2.4
Food.....	98.2	98.8	96.6	-0.6	+1.7	Food.....	105.7	107.3	102.5	-1.5	+3.1
Housing.....	103.5	103.4	103.5	+0.1	0	Housing.....	108.7	108.3	107.3	+0.4	+1.3
Apparel.....	101.7	102.1	101.5	-0.4	+0.2	Apparel.....	105.6	105.8	105.3	-0.2	+0.3
Transportation.....	113.7	111.0	112.3	+2.4	+1.2	Transportation.....	111.1	108.8	106.9	+2.1	+3.9
Sundries.....	109.3	109.4	105.4	-0.1	+3.7	Sundries.....	111.4	111.0	108.0	+0.4	+3.1
Huntington-Ashland						Portland					
All Items.....	108.9	108.8	106.8	+0.1	+2.0	All Items.....	106.6	107.0	105.7	-0.4	+0.9
Food.....	104.9	106.2	104.1	-1.2	+0.8	Food.....	104.2	105.2	101.8	-1.0	+2.4
Housing.....	109.0	108.9	106.7	+0.1	+2.2	Housing.....	105.6	105.6	106.0	0	-0.4
Apparel.....	103.9	103.8	104.2	+0.1	-0.3	Apparel.....	102.0	102.2	101.7	-0.2	+0.3
Transportation.....	117.6	115.0	113.3	+2.3	+3.8	Transportation.....	110.2	111.2	109.4	-0.9	+0.7
Sundries.....	113.6	112.9	109.2	+0.6	+4.0	Sundries.....	111.3	111.2	110.3	+0.1	+0.9

Consumer Price Index—United States

Cities over 50,000 population
1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vege- tables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Elec- tricity
1957 May...	104.1	101.1	93.9	108.9	94.7	108.7	110.2	105.4	109.5	108.5	109.5	102.3
June...	104.5	102.0	95.7	109.3	94.0	111.3	110.0	105.5	109.6	108.3	109.4	102.4
July...	104.8	102.8	97.2	109.6	95.0	111.9	110.0	105.5	110.1	106.6	106.7	102.7
August...	105.1	103.5	99.9	109.8	97.4	108.2	110.0	105.5	110.2	106.4	106.8	102.7
September...	105.3	103.6	100.3	109.9	99.6	105.4	110.0	105.7	110.3	106.6	107.0	102.7
October...	105.4	103.5	99.2	110.2	102.0	104.0	109.0	106.0	110.9	106.9	106.9	102.7
November...	105.9	103.5	97.9	110.6	103.4	104.9	108.7	106.1	111.0	107.3	108.4	102.7
December...	106.0	103.6	97.8	110.7	103.4	105.3	108.4	106.3	111.1	107.4	108.4	102.7
1957 Annual Average...	104.6	102.1	96.0	109.2	98.0	106.5	110.0	105.5	109.9	107.7	108.4	102.5
1958 January...	106.3	104.5	99.3	110.9	102.5	108.7	108.5	106.8	111.4	110.1	113.6	103.1
February...	106.6	105.4	101.3	111.1	100.9	111.8	108.6	106.9	111.6	110.0	113.7	103.3
March...	106.8	106.4	103.5	111.2	100.9	115.4	108.5	106.8	111.6	110.2	114.2	103.3
April...	107.2	107.6	105.9	111.4	99.8	120.2	108.2	106.8	111.9	109.8	114.5	103.3
May...	107.3	107.8	106.6	111.7	98.4	122.5	108.0	106.8	112.0	109.3	114.9	103.3
June...	107.5	108.1	108.0	111.5	97.8	122.7	107.9	106.8	112.0	109.5	115.1	104.0
July...	107.4	107.8	108.4	111.7	98.2	119.4	107.6	106.5	112.3	106.5	109.6	104.1
August...	107.4	107.2	108.2	111.8	99.6	114.3	107.6	106.6	112.2	106.9	109.8	104.3
September...	107.5	107.1	107.8	112.1	101.1	112.2	107.1	106.7	112.3	107.1	110.0	104.3
October...	107.4	106.7	106.8	112.8	101.4	110.7	106.8	106.8	112.3	108.0	111.7	105.2
November...	107.8	106.8	105.9	113.0	101.6	112.8	106.6	107.0	112.4	108.3	111.2	105.3
December...	107.7	106.5	105.4	112.8	100.9	112.8	106.3	107.1	112.6	108.6	111.4	105.2
1958 Annual Average...	107.3	106.8	105.6	111.8	100.3	115.3	107.6	106.8	112.1	108.7	112.5	104.1

	HOUSING (continued)		APPAREL			TRANS- POR- TATION	SUNDRIES	PUR- CHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnish- ings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1959=100)	Purchasing Value of January, 1959 Dollar	All Items (1947-49 = 100)
1957 May...	100.4	105.5	101.2	102.6	98.5	107.4	106.5	96.0	189.1	52.9	118.5
June...	100.5	105.6	101.2	102.6	98.5	107.5	106.7	95.7	189.7	52.7	118.9
July...	100.4	105.9	101.2	102.6	98.4	107.6	107.2	95.4	190.3	52.6	119.2
August...	100.3	106.4	101.5	102.7	98.7	107.6	107.7	95.1	190.9	52.4	119.6
September...	100.8	106.6	101.8	102.8	99.3	107.6	108.0	95.0	191.2	52.3	119.9
October...	101.0	107.1	102.0	102.9	99.5	107.4	108.3	94.9	191.4	52.2	120.0
November...	101.0	107.3	102.0	103.0	99.5	110.3	108.6	94.5	192.2	52.0	120.5
December...	101.0	107.8	102.0	103.0	99.5	110.2	108.9	94.4	192.4	52.0	120.6
1957 Annual Average...	100.5	106.0	101.4	102.6	98.8	108.0	107.1	95.6	190.0	52.6	119.1
1958 January...	101.0	108.1	102.0	102.9	99.5	109.6	109.1	94.0	193.1	51.8	121.0
February...	101.0	108.4	102.0	102.7	99.5	108.8	109.3	93.8	193.5	51.7	121.3
March...	100.7	108.6	102.0	102.6	99.6	108.5	109.4	93.6	194.0	51.5	121.6
April...	100.5	108.8	102.2	102.9	99.6	108.5	109.6	93.2	194.8	51.3	122.0
May...	100.3	109.0	102.0	102.8	99.4	108.8	109.7	93.2	194.9	51.3	122.2
June...	100.3	109.1	102.0	102.8	99.4	109.1	109.8	93.0	195.2	51.2	122.3
July...	100.0	108.9	101.9	102.6	99.3	109.8	110.0	93.1	195.0	51.3	122.2
August...	99.9	109.3	101.9	102.6	99.4	110.4	110.5	93.1	195.1	51.3	122.3
September...	100.1	109.4	102.1	102.7	99.5	110.4	110.7	93.0	195.2	51.2	122.3
October...	100.1	109.4	102.2	102.8	99.7	110.2	110.8	93.1	195.1	51.3	122.2
November...	100.4	109.6	102.3	102.9	99.8	112.3	111.0	92.8	195.7	51.1	122.7
December...	100.4	109.7	102.3	102.8	99.8	112.1	110.9	92.9	195.6	51.1	122.6
1958 Annual Average...	100.4	109.0	102.1	102.8	99.5	109.9	110.1	93.2	194.8	51.3	122.1

Consumer Price Index—United States

Annual Averages 1914-1958^a
1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914.....	40.3	248.1	1925.....	67.8	147.5	1936.....	54.8	182.5	1947.....	84.7	118.1
1915.....	40.0	250.0	1926.....	68.3	146.4	1937.....	57.2	174.8	1948.....	90.1	111.0
1916.....	43.0	232.6	1927.....	66.9	149.5	1938.....	55.7	179.5	1949.....	88.8	112.6
1917.....	51.3	194.9	1928.....	65.9	151.7	1939.....	55.0	181.8	1950.....	90.0	111.1
1918.....	59.5	168.1	1929.....	65.6	152.4	1940.....	55.4	180.5	1951.....	97.0	103.1
1919.....	67.6	147.9	1930.....	63.4	157.7	1941.....	58.3	171.5	1952.....	99.5	100.5
1920.....	77.8	128.5	1931.....	57.0	175.4	1942.....	64.5	155.0	1953.....	100.0	100.0
1921.....	66.8	149.7	1932.....	50.9	196.5	1943.....	68.2	146.6	1954.....	100.2	99.8
1922.....	63.6	157.2	1933.....	49.0	201.4	1944.....	69.1	144.7	1955.....	100.3	99.7
1923.....	65.4	152.9	1934.....	51.8	193.1	1945.....	70.2	142.5	1956.....	101.9	98.1
1924.....	66.1	151.3	1935.....	53.6	186.6	1946.....	74.9	133.5	1957.....	104.6	95.6
									1958.....	107.3	93.2

^a Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Prices Down Slightly in December

Retail prices, as measured by THE CONFERENCE BOARD'S consumer price index, dipped slightly in December. The 0.1% decline in the consumer price level brought the all-items index for the United States to 107.7 (1953=100). Purchasing power of the consumer dollar rose over the month to 92.9 cents (1953 dollar=100 cents).

Food prices, 0.3% cheaper in December, 1958 than in the previous month, provided most of the downward force. Transportation and sundries followed with lesser declines of 0.2% and 0.1%, respectively. Housing, the only group to advance, was up a slight 0.1%, while apparel prices were unchanged.

Price Declines

The decrease in the food index was the result of price drops in all food groups except fruits and vegetables, which remained unchanged. Dairy products and eggs were 0.7% cheaper in December as seasonally low egg prices pulled costs down. Under the influence of lower prices for pork and poultry, the meat, fish and poultry group decreased 0.5%. With coffee prices down again this month, the "other food" group registered a 0.3% dip. Potatoes and fresh fruits, cheaper by 2.2% and 3.1%, respectively, offset increases in the other vegetable and fruit items so that the group remained unchanged over the month.

Transportation was off, as a rise in public transportation rates was more than balanced by lower prices for new automobiles. The sundries index moved downward, with a slight decrease reported in the cost of personal care, recreation, alcoholic beverages and tobacco prices. Medical care costs, on the other hand, were up fractionally.

Housing Costs Advance

Housing costs rose as a result of a seasonal advance in fuel prices. Rents and household operations also gained over the month, while furnishings and equipment remained unchanged.

Although men's apparel prices were slightly lower in December than during the previous month, costlier clothing services counterbalanced this trend and gave rise to an unchanged apparel index.

duced some declines outside of food, for the most part these can either be explained by the seasonal reversal of prices for such items as automobiles and fuel or they represent relatively minor adjustments in the price level, which are not likely to affect the all-items index unless they move in concert with changes in other components. Food prices, now on the downgrade, have been able thus far to outweigh most of the increases elsewhere in the index.

Thus, price indexes, which are typically regarded as sluggish indicators of business activity, have responded primarily to factors not related to the business world. However, consumers have felt the effects

of both the business contraction and continued high prices.

CONSUMER PRICES IN REVIEW

Over the year, all components displayed price strength, and 1958 ended with higher prices in each of the major subdivisions of the index. Food prices were affected by reduced meat supplies during much of the year. Prices of fruits and vegetables increased because of the severe 1957-1958 winter season. Therefore, food surged well ahead of the other components, registering a 2.8% increase over December, 1957 prices. Sundries and transportation were next in line, chalking up gains of 1.8% and 1.7%, respectively, over year-ago prices. Housing and apparel exhibited the smallest increases, with their prices 0.8% and 0.3% higher than their December, 1957 level.

Compared with price gains from December, 1956 to December, 1957, none of the index components in 1958 equalled the earlier year advance. On a December-to-December basis, each major group showed a substantially reduced rate of increase. However, annual averages for these years show that food rose 4.6% in 1958, considerably above the 3.1% gain from 1956 to 1957, which emphasizes the exceptional hikes for these goods during the first half of 1958. Sundries exhibited the same percentage increase—2.8%—between 1957-1958 as between 1956-1957. The other components, transportation, housing, and apparel, recorded changes in 1958 which were well below those for the 1956-1957 period.

Food Prices

Food prices climbed rapidly during the first four months of 1958, measuring a total increase of 3.9% from December through April. The food index continued to rise, but at a much slower pace after April, reaching an all-time high in June which was 4.3% above the December, 1957 level. From that point, food prices have been drifting downward in response to greater supplies of fruits and vegetables and cheaper meats.

Within the food component, prices for meat, fish and poultry made the greatest gains over the past twelve months. Production for all meats in the early part of 1958 was below that of the previous year, keeping end-of-year prices, despite seasonal declines, 7.8% above the December, 1957 level. The Department of Agriculture reports, for example, that slaughter of commercial cattle in the first six months of 1958 was, on the average, 10% below the level of the comparable 1957 period; and in response retail beef prices jumped 14.4% between December and June.

The second half of the year saw seasonal declines for all meats. Although beef prices still remained substantially higher than in 1957, pork costs declined 5.0% from their peak in July because of vastly increased supplies coupled with lagging consumer de-

mand. Poultry production, high in 1958, caused prices to drop below those of December, 1957. On the other hand, fish cost 4.4% more.

Prices of fruits and vegetables, under the influence of greatly reduced supplies early in 1958, leaped to exceptional heights during the first six months of last year, registering a 16.5% price hike from December through June. This compares with a 7.7% rise for the same period in 1957. Despite seasonal declines during the third and fourth quarters of 1958, a twelve-month advance of 7.1% was recorded—obviously well over the 1.9% gain during 1957.

Cereal and bakery products showed the smallest increase in the food component; they cost only

1.9% more in December, 1958, than they did a year earlier.

Two groups, dairy products and eggs and "other foods," showed declines over the year, dropping 2.4% and 1.9%, respectively. With expanded poultry supplies, egg production in 1958 exceeded that of 1957, and end-of-year prices were 10.5% cheaper than those of December, 1957. The prices for dairy products, on the other hand, were at virtually the same level at the end of 1958 as they were a year ago.

Costs of "other foods" fell 1.9% over the year. This is largely explained by a 9.7% fall in coffee prices over the twelve-month period, resulting from unusually plentiful supplies.

Consumer Price Index, 1958 Annual Averages

1953 = 100

	All Items	Food	Housing	Apparel	Transportation	Sundries
United States.....	107.3	106.8	106.8	102.1	109.9	110.1
Cities surveyed monthly:						
Chicago.....	109.9	108.6	111.5	102.6	113.4	111.4
Houston.....	107.6	107.1	106.6	103.4	111.6	109.0
Los Angeles.....	107.0	106.6	106.1	102.8	108.1	110.6
New York.....	107.7	109.1	106.6	100.1	117.7	107.5
Cities surveyed in January, April, July, October:						
Birmingham.....	105.9	105.8	103.1	103.6	102.7	114.5
Bridgeport.....	106.3	105.5	105.8	100.6	111.3	108.7
Cincinnati.....	107.7	105.5	107.8	105.0	106.5	113.7
Erie.....	108.1	107.9	107.1	102.3	107.1	114.2
Grand Rapids.....	109.6	111.2	107.7	105.0	109.9	113.0
Minneapolis-St. Paul.....	108.1	109.5	107.9	102.5	104.6	110.7
Newark-N. E. N. J.....	106.7	107.4	107.9	101.0	105.1	107.9
New Orleans.....	106.9	109.2	106.1	102.3	104.2	108.9
Philadelphia.....	105.9	105.3	106.1	102.4	108.4	107.3
Roanoke.....	103.8	101.9	103.9	99.8	104.1	108.6
Seattle.....	107.3	109.8	104.8	101.9	105.9	111.5
Syracuse.....	105.8	104.8	106.7	103.5	107.2	106.7
Cities surveyed in February, May, August, November:						
Akron.....	107.6	106.2	107.0	100.7	114.1	110.9
Baltimore.....	106.9	105.3	106.3	102.6	109.8	111.7
Boston.....	107.7	105.2	109.2	102.5	107.3	112.2
Chattanooga.....	104.5	101.6	102.7	104.4	109.8	109.6
Dallas.....	105.7	104.3	103.3	102.1	109.8	110.1
Detroit.....	108.2	110.5	106.6	101.7	107.4	111.5
Duluth-Superior.....	107.7	106.9	107.3	100.5	111.1	111.3
Richmond.....	105.0	102.4	105.9	101.0	106.9	108.8
Rochester.....	107.3	109.1	104.5	100.6	107.9	112.5
St. Louis.....	105.3	104.5	104.4	103.9	107.4	107.3
San Francisco-Oakland.....	107.9	108.3	107.0	102.7	106.7	112.1
Wilmington.....	106.9	104.0	106.4	102.0	107.3	114.9
Cities surveyed in March, June, September, December:						
Atlanta.....	105.3	103.2	105.3	100.9	110.7	108.0
Cleveland.....	107.4	104.8	107.0	103.6	110.2	112.6
Denver.....	107.0	106.4	105.2	102.5	110.6	110.7
Des Moines.....	107.2	105.8	104.8	103.2	112.2	112.8
Evansville.....	103.8	99.2	103.4	101.8	111.3	107.1
Huntington-Ashland.....	108.4	106.4	107.9	104.1	114.5	111.9
Indianapolis.....	106.0	103.6	106.6	101.6	108.7	109.4
Kansas City.....	106.3	102.5	105.6	99.9	108.1	116.0
Lansing.....	103.0	109.7	106.0	101.4	112.0	109.4
Milwaukee.....	105.1	101.8	104.7	100.2	110.9	109.5
Pittsburgh.....	107.3	106.4	107.8	105.4	107.4	109.5
Portland.....	106.5	104.4	105.4	101.9	110.4	110.8

The housing index, virtually stable for the first half of 1958, responded to a seasonal cheapening of fuel costs in July. Although prices remained below the June level for several months, November and December recorded new highs for this component.

Housing costs, up 0.8% over the year, showed a considerably smaller gain during 1958 than in 1957. The earlier year recorded a 2.5% rise, reflecting marked advances in household operations' costs and prices for repairs and improvements. In 1958, however, although most housing categories showed increases (1.1% for fuel, power and water, 1.4% for rent, and 1.8% for other household operations) these gains were small in comparison with those for 1957. Coal and fuel oil prices, down 1.5% and 2.6%, respectively, counteracted advances in gas and electricity rates. The prices of furnishings and equipment, which drifted downward during most of 1958, gained some strength in the last three months of the year, but they registered a decline of 0.6% for the twelve-month period.

The apparel index still retains its distinction as being the most stable of the components, advancing only 0.3% since December, 1957, an even smaller rise than for the previous year. Prices during the year remained virtually unchanged except for some seasonal strength in clothing in the third quarter. Increases of 0.3% in women's apparel and 0.9% in clothing materials and services outweighed the small 0.2% decline in men's clothing.

Transportation costs, gaining 1.7% over the year, reflected the seasonal nature of the new and used car markets as well as higher public transportation rates. New car prices showed greater strength in 1958 than in 1957, with year-end stocks of 1958 automobiles considerably below the previous year's level for the 1957 models. During the first three quarters of the year, when this market is usually weak, used car stocks were lower than they had been in 1957, and new car prices declined relatively less than a year ago. At the end of the year, there was a gain of 1.2% in new car prices, as compared with a 0.4% rise over the twelve months ending December, 1957. Increases in public transportation fares pushed these prices 4.4% above their year-ago level. At the same time, however, gasoline prices were sliding downward, and they registered a 2.5% drop over the year.

The sundries index advanced 1.8% during 1958. Influenced by rising medical costs, prices for sundries continued their uninterrupted climb until December, when they cheapened a slight 0.1%. Within this group, miscellaneous items, spurred by the postage rate increase last summer, gained 3.7% in 1958. Medical care was up 2.7%.

PRICES THROUGHOUT THE COUNTRY

According to the annual averages for the cities surveyed for THE CONFERENCE BOARD's consumer price

index, all forty cities registered price gains over 1957. Newark-Northeastern New Jersey and Huntington-Ashland together chalked up the most sizable annual increases, each 3.1% above its 1957 level. Prices in Richmond, up only 1.7%, advanced least among the cities. These figures compare with a 2.6% gain for the United States.

City price levels in 1958 were all well above 1953 prices. Roanoke and Evansville tie for the distinction of having prices nearest their 1953 levels, while Chicago consumers, at the other extreme, found their 1953 dollar worth only 91.0 cents in 1958. Not only were the city all-items indexes all above their base-year levels, but by 1958 almost every index component in the various cities had risen above this point, leaving only three city component indexes below 100.0.

HELEN SWANSON

Division of Consumer Economics

Worker Participation

(Continued from page 41)

might pertain to the work going through the department in that month. The committee also processes the suggestions brought in by the union or employee side of the committee. These are often given to the committeemen by their fellow employees. It is also the duty of one of the committeemen to record the minutes of their meeting.

The job of the union or employee side of the committee is to convince the management member that the suggestions brought in should be tried or adopted. In many cases, a production committeeman will bring in a person who has given him a suggestion, so that the individual can more clearly present his idea to the committee. When the production committee is composed of one union and one management member, it is a very good idea for the union member to bring someone into the meeting with him.

An accurate record is kept of the disposition of each suggestion. Some are accepted by the committee; others are rejected because both sides agree that the suggestion is not feasible; and in some cases there is a difference of opinion because the union or employee side of the committee feels the suggestion has merit and the management member of the committee feels the opposite. None of these suggestions can be thrown out at this level. There is no voting at these production committees on the acceptance or rejection of a suggestion. Management reserves the right to accept or reject any suggestions that come in.

In most cases, during the early months of the plan, it has been very difficult for foremen to adjust themselves to receiving ideas from their people on how the job ought to be done. I want to point out that the foremen are not reluctant about accepting ideas, but

they are quite concerned about what their boss might think of them if too many ideas should come from their department. The feeling seems to be that maybe management might think the foreman is not doing his job. Consequently there is a tendency to reject many of the ideas that come in at this level during the early stages of the plan. It isn't until the company—that is top management—convinces the foremen or the supervisors that they are being measured differently than in the past. If the plan is to work, the company must evaluate its lower-management group on the basis that the best foreman or supervisor is the one whose department has the most suggestions. This means that this is a department where the people are not afraid to speak up. They are not afraid to participate and to say just how their job might be done more easily and better. The old idea that the boss does all the thinking and the employees just do the work is dead.

It is also the responsibility of the management member of the committee to give the other members, in advance of the meeting, information about any problems that he might have concerning the operation of his department. For example, he might provide information about the production schedule for the month, about the order in which jobs have to go through, or about special bottlenecks. But a production committee should not get involved in grievances, or in anything that might infringe upon the provisions of the collective-bargaining agreement. In many cases the union shop steward may sit in the production committee meeting held in his area in order to make sure that the functions of the committee are adhered to.

All ideas or suggestions that are accepted and put into effect are contributions to the whole group. No individual award is made for any idea. Also, suggestions are not submitted through a suggestion box but rather are dealt with in an adult fashion by joint-committee discussion of each individual idea. I also want to point out that at the production committee level we take more pains with a rejected suggestion than one that has been accepted. The reason is that the suggester whose ideas are accepted and put into effect sees his contribution to the group, but the one whose suggestion has been rejected doesn't know the reason unless he is personally contacted and told why his suggestion was not adopted. You find in most cases that if a person is given the courtesy of a decent answer, he will submit his next good idea to the committee, rather than feeling that proper consideration was not given to his earlier suggestion.

The minutes of the production committee are forwarded as quickly as possible to the screening committee. The composition of the screening committee is generally made up of an equal number of management and union representatives or employees, and

its size generally runs between eight and twelve people. On the management side, the representatives should be the top people; and someone like the president or executive vice-president of the company chairs the meeting. Other management members are the controller or treasurer, the chief engineer, and the plant manager or plant superintendent. On the union and employee side, the committee is made up of representatives from the areas covered by the production committees. In many situations, one, two, or three production committees are included in a group to elect a screening committeeman to represent them from their areas. Also, the president of the local union is a member of the screening committee.

Screening committee meetings are held at least once a month and their functions are the following:

- The first order of business is to screen the figures for the previous month and announce the bonus or deficit incurred during that month.
- The second function of the committee is a discussion by the officials of the company concerning anything that might affect the plan. Again, I don't mean anything that might conflict with the collective-bargaining agreement but rather the success the company is having out in the field with its product, the problems that the sales people are running into in getting new orders, etc. In many instances, the management will bring someone into the meeting who can discuss the serious problems with the committee.
- The third function of the committee is to screen, through joint discussion, all of the suggestions that have come in from the various production committees. Those which have been accepted and put into effect at the production committee level are placed in the record; those which have been rejected jointly by the production committee are reviewed; and, finally, decisions are made concerning suggestions about which there was a difference of opinion at the production committee level. All suggestions are judged on their merit and their contribution to all involved, rather than on their effect on some personality in the plant.

Again, on this committee there isn't any voting on adopting or rejecting a suggestion. Management reserves the right to accept or reject any idea that has been presented. Yet I would venture to say that acceptances of suggestions under the Scanlon Plan have been greater than under any other method. In fact, it is safe to say that most Scanlon Plans that we have installed have a record of better than 90% acceptance on suggestions.

In concluding this discussion on the Scanlon Plan, I repeat that you can see that we have no gimmick. And if management people or union representatives feel that there is a formula or some sort of gimmick

that you can just drop into a situation and, "presto-changeo," things are different, then the Scanlon Plan is not for you. This approach involves a mature relationship. It means treating people like adults and not like children. However, if management and labor can agree jointly on the application of these ideals and principles that I have outlined, I can assure you that they will be entering a new kind of relationship and understanding of each other's problems. And the satisfactions gained from a job well done will exceed the value of whatever employee bonuses and company profits the plan might generate.

Current Planning to Offset Increasing Labor Costs

—by C. D. Evans—

OUR COMPANY is now at the bargaining table. This makes my subject—planning to offset increasing labor costs—a sensitive one. But there is no denying that bargaining agreements reached in the past have contributed greatly to the inflationary trends facing industry today. The cost of living allowances we have been giving, the annual improvement factors, and the extra fringe benefits amount to a great deal more than many of us realize. What we are trying to do at the bargaining table is to curb these inflationary trends—to find that mutual ground of cooperation Mr. Lesieur mentioned.

In our company, fringe benefits cost us millions of dollars a year—millions of extra dollars. Extending 1 cent an hour to about 50,000 employees adds up to about a million dollars a year. So you can readily understand why the decisions we make at the bargaining table will have a great influence on our over-all cost.

But that's not the entire story. We are also faced with the problem of the mounting costs of the materials and services we get from our suppliers.

It is becoming more and more difficult to pass on these added costs in the form of increased prices. Companies have to discover better methods to offset added costs, and minimize their inflationary tendency, by arranging their schedules and their work as efficiently as possible.

In our company, we have found that cut-and-dried, empirical methods leave much to be desired. New approaches have to be planned and developed for offsetting increasing supplier and manufacturing costs in all areas of our business. But I am going to speak only about what we are doing in the areas that concern our manufacturing department.

Our approach there is leading us in four directions. First, in the coordination of product design to manu-

facturing, we assign an experienced manufacturing man, or a group of men, to act as liaison between the plant that will be working on the specific product and the designers who are designing it. By doing this, we are moving in a direction that permits designing the product for the types of plant equipment we already have available. At the same time, we are designing the product in a manner that enables us to take advantage of the latest manufacturing developments.

A second direction being investigated looks into the initial planning by our manufacturing people. Sound, analytical planning at this point assures that the processes and the equipment, the tooling, and even the buildings, are used in such a manner as to result in the lowest manufacturing cost. This usually involves group activity on the part of well-trained, capable people who get into the individual manufacturing activities, such as scheduling, materials handling, inspection, and so forth.

A third direction sends us on an aggressive search for cost reduction. There is no moratorium on ideas and new developments; and our ability to take advantage of these developments, as they become available, is a definite part of our approach toward offsetting increasing labor costs.

A fourth direction—one in which we have put a great deal of effort in the past ten years—is in the area of manufacturing research. Through this activity, the applications of new materials, new processes, and new techniques to our individual operations are studied. Then consultative services are provided to assist in putting these applications into effect in our individual manufacturing plants. This organized research activity is designed to supplement, rather than replace, any of the functions that we normally have at our plants. It also serves to set up a liaison between our manufacturing personnel and people outside the company, such as equipment manufacturers, university researchers, and others. Thus, as time goes on, we try to study all of the new things that come along.

Now, any formally planned approach, such as this, has to be encouraged by management at all levels if it is going to be effective. What's more, it is necessary to have a well-integrated organization with effective liaison between the different departments, divisions, and levels of management.

In our company, this liaison has been effected through a group of committees. For example, we have a manufacturing and research council, composed of the divisional managers who are responsible for manufacturing in each division of the company. The members of this council meet quarterly to review the latest developments in manufacturing techniques and to encourage the active pursuit of these developments in the various areas of the company. In addition, we have committees made up of technical people, such as welding engineers, mechanical engineers, metallurgists, and

the like. These committees also meet on a scheduled basis to inquire into new developments in their fields.

Our program, of course, calls for well-trained and capable personnel. We have tried to develop them by training our supervision, not only in company practices and policies, but also in technical fields. Seminars, conferences, and meetings are conducted on a planned basis to exchange information on new developments in specialized areas, such as welding, machining, and other processes which we use in our manufacturing operations. And because we manufacture a wide diversity of products—which include not only farm implements and tractors, motor trucks and construction equipment, but even twine and steel—we find it necessary to investigate almost all types of manufacturing techniques available in the heavy manufacturing field today. How well we take advantage of these techniques will, to a great extent, determine how effectively we will be able to offset our rising labor costs.

Let me give you a few specific examples of our use of current planning in this direction.

The area of materials, of course, is of major importance to us. Nodular iron is one of the new materials we feel has a very definite place in our business. Actually, it is a family of materials that can be heat treated. It has a potential for replacing steel castings, forgings and, in some cases, stampings. After several years spent in exploring its application to our product, we expect to use about 12,000 tons next year and thereby effect a significant reduction in material costs.

But before this reduction could be effected, it was necessary for us to think in the four directions outlined above. Nodular iron was a new material, and manufacturing techniques were sketchy when we started to use it. The first thing we had to do was to develop a process for melting. This led into the matter of the costs that would be involved and the type of equipment we would have to employ. After that, we worked with the product design departments to investigate the possibilities for applying the nodular iron to our product, and with the manufacturing plant to develop a plan for an adequate production facility. Now, with production under way about a year, we are already working on cost reduction in this area, and the results are satisfactory.

Other new materials are becoming available in the area of the tools we use in manufacturing. We find we can lower our cost by adopting those we find suitable to our activities. Plastics, for example, can be used for many of the patterns and templates in our operations. We have also found that the use of plastics in resistance welding fixtures cuts costs in three ways: (1) operator fatigue is lessened because the fixtures are much lighter; (2) quality is increased because the fixtures do not tend to distort as much as metal fix-

tures; and (3) power requirements are reduced through elimination of metal in the magnetic field of the welder.

Then, too, we have investigated the possibilities of using inserted carbide throwaway blades for milling cutters for rough milling operations to lower material costs and grinding and set-up time. Currently, we are exploring the possible use of ceramics for cutting tools as another means of reducing our manufacturing cost.

Our ceaseless search for new methods, however, does not close our eyes to the need for improving current methods. We constantly challenge the practice of doing something one way because we have always done it that way. The old method stays *only* if it is proven to be the most economical method possible.

In this connection, we have considered the application of automation in our operations and have adopted it, in whole or in part, wherever it could save money. This happened mostly in the area of materials handling. We have found, in many cases, that we can load or unload machines automatically and thus save the cost of manual loading and unloading.

Automatic gauging and inspection (used either alone or in combination with automatic loading and unloading devices) may also provide a practical approach to reducing inspection costs and improving the quality of our end product. This approach with more sophisticated feed-back systems can be used to automatically adjust or readjust the machine performance and minimize spoiled work costs. We used it to check valve springs for internal combustion engines which must be held to close tolerances. With the cooperation of a machine tool manufacturer, we were able to design an automatic valve spring checker that operates in the production line, checking spring loading at a specified deflection. Its use has brought a considerable cost saving by reducing manpower, speeding up product quality control, and eliminating the human element.

Materials handling is another area where careful planning can cut labor costs. In 1957, our freight bill ran over \$58 million; and about 8,000 of the 50,000 people on our payroll were employed in receiving, shipping, warehousing, driving industrial trucks, store-keeping, and the other functions related to materials handling.

Through an engineering analysis of the interrelationship of the problems involved in handling materials we are integrating our handling systems with resultant reductions both in the cost of shipping and in the cost of plant labor.

Another opportunity for reducing costs, and one that is generally overlooked, was found in the area of engineering and manufacturing standards. It is often difficult to associate these standards with a definite cost savings. But the use of such standards can help cut design time, reduce inventory, improve quality,

obviate managerial decision-making, and even reduce maintenance costs.

In many cases, we have developed our own standards to apply in areas not covered by established standards. But we find that participation in national and industry standards development not only provides us with an opportunity to steer these standards into channels where they are most advantageous to us, but also gives us the advantage of the experiences of others in industry. Ideas and information obtained through participation such as this have been very valuable in our efforts to reduce costs.

We have also been working in the area of day work and clerical work in our company. Evaluations of our current office procedures are pointing the way toward more efficient and much less expensive methods through simplification, combination, and elimination of procedures and assignments in the clerical and salaried areas. A similar evaluation of day-work manufacturing operations has provided cost reductions of the same type, and is giving us a much clearer indication of our personnel requirements.

I could give many other examples of how planning helps us offset increasing labor costs. It's a question of keeping on top of new developments and getting all the benefit we can out of them. For example, we try to make use of all the management tools that become available; we pay particular attention to the medium of communication to keep our people up to date and to establish an exchange of ideas among them; we have adopted both large and medium-sized computers to solve production problems and eliminate waste. But a detailed report would take too much time.

Let me just leave you with this thought. Empiricism is pretty firmly entrenched, especially in manufacturing. Any change is difficult to accomplish. It has to buck the resistance of workmen, foremen, and even superintendents who want to go on doing things in the plant in the same old way, because that's the way they have always been done. Yet, as technology advances, new and better methods are being developed constantly. To gain acceptance for these improved methods takes a great deal of effort, but the sizable savings they make possible are well worth that effort.

Long-Range Planning to Offset Increasing Labor Costs

by Emil F. Gibian

THE Monroe Doctrine still stands. So does the beautiful home that President Monroe built in Virginia. It was planned for him by Thomas Jefferson and built, back around 1830, for less than \$5,000. Building the same home today would cost between \$75,000 and \$100,000.

What happened in the meantime, of course, is that our standard of living has soared. Back around 1830, wages in the building trade ran an average of no more than 10 cents an hour; now, the national average wage in that field is about \$3.50 an hour. I am not an economist, but I know that this improvement in our standard of living is the result of just one thing—the increase in our productivity, which was made possible by our technological progress. So if we want to speak about long-range planning as a means of offsetting increasing labor costs, we have to recognize from the start that we can offset these costs only by continuing our technological progress.

To do so, we have to maintain the proper relation between productivity and labor costs. And this calls for some very complex planning, indeed. There are so many forces to contend with that we must seek out a well-organized, systematic approach. We must look into the future to anticipate what is coming, then decide what can be done about it.

Now, the best way to examine what should be done about the future is to begin by looking at the past. And I have assembled some interesting Conference Board statistics for that purpose.

The first group of figures measures average hourly earnings against output per man-hour for the period from 1947 to 1957; and it shows that earnings ran far ahead of productivity. Taking 100 as the index for 1947, we find that during the following ten years, average hourly earnings rose from 100 to 158, while productivity went up from 100 to about 138. At the same time, however, mounting consumer prices undermined wage increases to such an extent that the purchasing power of wages over the ten-year period climbed from 100 to only 130. Thus, the increase in productivity (38%) certainly did not run away from the average increase in real earnings (30%).

Now, let's inquire into productivity and the factors that affect it. Productivity is a measure of the goods we put out. It is affected by: (1) worker efficiency, with which Mr. Lesieur is concerned; (2) management's efforts to provide better tools, better machines, and better plants; and (3) management's acceptance of the new manufacturing methods and techniques which allow us to produce better products faster.

The two contributions that management makes are,

to my way of thinking, far more important than worker efficiency. I think most employees already work very near the peak of their capacity. You can't gain much by making them work harder. There is much more to be gained by giving them the proper tools, instructions, and training.

To illustrate, several years ago, General Motors decided to investigate why output on identical operations kept fluctuating so widely, even though no change was made in either equipment or method. A long-range program was instituted to find out what affected productivity the most. The answer was found not in the speed with which the men worked, but in the actions they performed in doing the work. Breaking down the elements of their actions revealed differences as high as four to one in productive results. The employees, therefore, were taught the best way to go through motions, and the company succeeded in getting reasonably uniform performances in all its plants throughout the country. This shows that the employee who is usually willing to work will probably produce at an even rate, and that it's up to management to raise his efficiency by better methods, and by better plans.

As I mentioned earlier, long-range planning to offset rising labor costs calls for a systematic approach. I would like to propose a three-point plan:

Point No. 1. Provide the proper climate for planning by putting into effect good management controls and engineered standards for measuring both direct and indirect labor and manufacturing expense. You will then be equipped to control current operations and, at the same time, to make projections for the future on the basis of good budget standards. Such a cost-control plan, moreover, must be integrated and it must be constant. Let me emphasize here that I am not talking about cost-reduction plans that are launched in periodic drives, then dropped. Actually we should attack cost control as we attack crime, on a constant basis.

Point No. 2. Gear your engineering research and development into your plan. Your engineers have to consciously plan to produce and design not only better products, but also simpler ones. They have to maintain constantly, as Mr. Evans pointed out, liaison between engineering and manufacturing so that the products designed are ready for manufacture according to the simplest and best manufacturing methods.

Point No. 3. Be in a position to integrate both the forecasting and the planning function. For example, when you look at sales forecasting, you have to look at the plans for capital expenditures and know in advance what is tied into these plans as far as new plants and engineering are concerned. Then, too, you need a systematic approach to this planning in order to know ahead of time what new manufacturing techniques and processes are geared into the forecasts and plans, where the money comes from, and what will happen to the wages. And, of course, to get a good idea of what

the results will be, you need good statistics for your budgetary computations.

Now, to illustrate how my plan works, let's examine three industries where it's in operation.

First, look at the building industry in the Cleveland area in 1938. The labor content of a home then costing \$18,000 to build was \$5,400, or about 30%. The average hourly rate for building workers at that time was \$1.45. The same home today costs \$40,000. The labor content is \$22,000, about 55%, and the average hourly rate has crept up to \$3.76 in Cleveland. This is certainly a striking example of failure to offset rising labor costs. I am told that the productivity of some trades has dropped to as low as 50% of what it was in 1938. Thus, we are paying higher wages for less output per hour.

Next, look at the automobile industry for the period from 1929 to 1956. A car selling for \$882 in 1929 was factory priced in 1956—according to Automobile Manufacturers Association statistics—at \$1,470. Planning and methods improvements did a lot to hold the price down. If we had used 1929 methods to produce a 1956 car, it would have sold at the factory for \$3,200. Wages, on the other hand, did not help to keep down the sale price of the car. The average hourly rate in the industry rose from 69 cents in 1929 to \$2.36 in 1956.

Finally, look at the machine tool industry. Here, figures were generously supplied to me by The Warner & Swasey Company. A 1938 model of a 3-A turret lathe sold for \$8,080. In 1958, the same lathe, very much improved, is selling for \$30,110. But, notwithstanding the rising labor cost, look what happened to the methods. If the 1938 methods were applied to today's 3-A lathe, you would have to pay \$16,000 more to buy the same machine. Conversely, if it had been possible to apply 1958 manufacturing methods on the 1938 model, you could have saved \$2,600. The difference is in the planning.

For a moment, let me go back to the automobile industry. In 1948, Mr. Coyle, then executive vice-president of General Motors, testified before the Subcommittee on Profits of the Joint Committee on the Economic Report. He compared a 1929 Buick with a 1948 Chevrolet, and clearly demonstrated that the 1948 Chevrolet was really a better bargain than the 1929 Buick.

The 1929 Buick had cost \$1,320; the price of the 1948 Chevrolet was \$1,280. Yet, the 1948 Chevrolet had greater horsepower, higher speed potential, and more economical gas consumption. This proves conclusively that technological development can offset rising labor costs.

Now, in the four-year period from 1954 through 1957, the picture of the relationship between produc-

tivity and labor rates is less favorable. Here is a statement made by Theodore O. Yntema, vice-president of finance of the Ford Motor Company, testifying in February, 1958, before the Senate's Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary:

"The company's hourly labor rates represent the largest single factor in our product costs. While Ford car prices have increased 13.1% since 1954, the company's average hourly labor rates are up 19.8%, from \$2.65 per hour to \$3.17 per hour. The rate of wage increase, therefore, is 51% greater than the rate of increase in car prices.

"This increase in hourly rates has not been offset by a reduction in man-hours worked per vehicle produced. The man-hour content is about the same as for equivalent production levels in the earlier period. Salaried man-hours per vehicle have increased since 1954."

And so, the danger signal is up. Technological improvements are beginning to fall behind the increase in labor costs.

Be that as it may, it is still true that the important factor in long-range planning is a well-administered capital expenditure forecast. This is the key to any planning for technological improvement. You have to determine not only what you have to procure, but also when. The timing of expenditures is extremely important. Leland I. Doan, president of the Dow Chemical Company, made this clear in his report to the sixty-first annual meeting of his company's stockholders:

"We have been going through a period of vast expansion and in this past year invested more in new plants than ever before. Some might say that we are overbuilt, and if one is thinking only in terms of existing conditions, that certainly could not be denied, but in longer-range terms, we are by no means overbuilt. I would hazard a guess that within two years or so we will be extremely glad that we have these plants; and I am certain of one thing—costly as they have been, we could never build them in the future as cheaply as we have built them now."

The replacement of obsolete tools is another area where long-range planning can pay off. The October 21, 1958 issue of *American Machinist*, a McGraw-Hill publication, reports that advances in design enable modern machine tools to produce about one and a half to four times as much as the tools of thirty years ago. This, of course, immediately brings up a replacement problem; and figures in the McGraw-Hill study show that the American economic life needs to replace \$95 million worth of equipment that has become obsolete in terms of today's concept of productivity. About \$33 1/3 million worth of this obsolete equipment was found in manufacturing and mining alone.

Obviously, you can't replace all this equipment in one year. The planning has to be on a long-range basis, scheduled over the next few years. There is not enough money available to do all this replacing at once. But, fortunately, we have fairly exact methods for pro-

jecting the planning of replacements in the future, because we have various new techniques and planned methods that our engineers can use to schedule replacement on a long-range basis so as to get the best return on investment.

Some new process techniques necessarily require long-range planning before they can be adopted. At Thompson, for example, we have had some experience in the use of long-range planning and new processes to replace old equipment. In our Valve Division, we had to plan some years ahead to completely revamp our method of making automotive valves. It was necessary to establish advanced manufacturing methods. So we scoured all possible sources to find out what could be done through modern technology to completely revamp our approach to manufacturing this mass-production article.

A review committee was set up, with representatives from manufacturing, industrial engineering, accounting, and sales to work with our research department in exploring possibilities. Economic studies were made to try to determine what would happen to wages and prices ten years hence, since we had to plan that far ahead.

On this basis, then, a complex replacement and downgrading program for our existing valve lines was instituted to replace them with new automated lines. The program, I think, was spread over seven years. Right now we are completing the third year of the plan, and we already have one and a half automated lines running.

How has it offset rising labor costs? Well, we have reduced the labor content about six to one. Where we needed thirty-six people, we have only six people at present. We have upgraded the jobs to the higher type of work now performed, and yet we have offset rising labor costs. However, we still keep a close watch on these costs, because it takes about two and a half years to get the new automated valve lines into full production, and we want to know what our labor costs will be at that time. That is the only way labor costs can be offset effectively—by long-range planning aimed at making the best possible use of every technological improvement that comes along.

How to Hold a Better Meeting—This volume is a pocket-sized book, written to be carried by the businessman when he catches the 5:35. Its aim is to help the executive who faces the job of leading an important meeting the following day and who needs help in planning ahead. In short chapters, it points out directional signs designed to promote clear and effective talk; suggests ways of calling a meeting; outlines the meetings most commonly used in business; describes various ways of cultivating ideas and reaching solutions; and shows how to direct the meeting. By Frank Snell, Harper and Brothers, New York, New York, 1958, 148 pp., \$2.95.

Wage and Fringe Developments in Bargaining

A new contract guarantees up to three days' pay for personal leave and sick leave, with a wage increase also included. Two other agreements are covered

UP TO three days' paid leave is guaranteed for illness or for personal reasons in the new contract between the Publishers' Association of New York City and the Newspaper and Mail Deliverers' Union.

The number of days' leave to which an employee is entitled is based on his work performance during the preceding calendar year. If the employee works more than forty-one days during the year but less than 123 days, he receives credit for one day's pay. If he works more than 122 days but less than 204, he is entitled to two days' pay. And if he works more than 203 days during the year, he is entitled to the three-day maximum.

The leave provision goes into effect on December 8, 1959, the anniversary date of the two-year contract. If an employee has not taken all or part of the leave to which he is entitled by December 7, 1960, he will receive payment in cash equivalent to his daily rate times the number of unused days credited to him.

Days of paid leave taken during the year are counted as days worked for purposes of vacation benefits and for welfare or pension contributions. When a contract holiday occurs during a period of paid leave, it will be counted as a holiday only and not as a "leave" day.

The new contract also includes a wage increase of \$3.55 per week the first year and another \$1.75 per week the second year. Under the agreement, the union had the option of allocating any part of either year's wage increase to welfare and pension funds. It elected to take the full increase in wages. The new basic rate is raised the first year to \$107.37 per week for day drivers on a forty-hour week, and to \$107.57 per week for night drivers on a thirty-seven-hour week.

Other fringe benefits added to the contract include three days' funeral leave without loss of pay for death in the immediate family, and an added holiday, bringing the total to nine.

The settlement followed a nineteen-day work stoppage.

Plan Compels Retirement at Sixty-Eight

In addition to a general wage increase, the two-year contract between Libbey-Owens-Ford Glass Company and the Glass and Ceramic Workers includes a revised pension plan for a five-year period which sets com-

pulsory retirement at age sixty-eight. The compulsory retirement provision becomes effective in October, 1959.

With the new pension agreement, normal retirement benefits for those retiring on and after October 1, 1958 become \$2.25 per month for each past year of service and \$2.50 per month for each future year. Early retirement benefits are raised correspondingly. Under the old contract, benefits were \$2 per month per year of service. Also, the service requirement for normal pension eligibility has been reduced from fifteen years to ten years.

Deferred vested pension benefits for employees terminated under the old agreement were \$2 per month per year of service. Employees terminated under the present agreement will receive the same benefits as are given for normal retirement.

Disability pension benefits have been increased to \$4 per month per year of service until the pensioner becomes eligible for OASI. Then, his benefits are computed on the basis of the normal retirement formula. Under the former agreement, an employee considered totally and permanently disabled was barred from any kind of occupation which paid him a remuneration or profit. This restriction is now relaxed to permit certain types of gainful employment.

The wage increase involves four separate aspects: (1) An 8-cent hourly increase is applied across the board on the effective date of the contract. This increase is not included in base rates for the calculation of incentives. (2) Workers not covered by an incentive bonus plan receive an additional 4-cent hourly boost, thus bringing to 22 cents the difference between their hourly base rate and the base rate of the incentive worker. (3) Also a 4-cent hike is given to employees who participate in the maintenance and power-house special pool bonus. And, (4) deferred increases on the contract anniversary date duplicate increases given in the first year; that is, another 8-cent general increase is given which again is not included in incentive base rates; the nonbonus differential is upped to 26 cents; and employees in the special pool bonus receive another 4-cent hourly boost.

During the first year of the contract, a minimum hourly rate of \$2.05 is guaranteed, and in the second year a minimum of \$2.17 an hour is guaranteed.

(Text continued on page 72)

Significant Pay Settlements

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
DURABLE MANUFACTURING		
Bower Roller Bearing Co. with <i>UAW</i> at Detroit, Mich. 2,500 hourly Effective 11-24-58. Contract expired New contract: 3 years	2½% general increase (6¢ per hour minimum) plus additional 8¢ per hour for skilled trades Deferred increase: 2½% general increase 1959 and 2½% general increase 1960	Revised: SUB and pension plans
Caterpillar Tractor Co. with <i>Allied Industrial Workers</i> at Milwaukee, Wis. 248 hourly Effective 9-8-58. Contract expired New contract: 2 years	6¢ to 8¢ per hour general increase (2.5% average) 13¢ cost of living allowance from previous con- tract incorporated into base rates	No change
Cleveland Pneumatic Tool Co. with <i>Aerol Aircraft Employees' Assn. ind.</i> at Clevel- and Ohio 1,300 hourly Effective 8/58. Contract expired 5-15-58 New contract: 3 years	10¢ per hour general increase Cost of living adjustment: 1¢ per hour for each 0.5% change in Index Deferred increase: 8¢ per hour 1959 6¢ per hour 1960	No change
Chrysler Corp. with <i>UAW</i> in Michigan 80,000 hourly Effective 10-1-58 New contract: 3 years	2½% general increase (6¢ per hour). Additional 8¢ per hour to all skilled trades, plus classifica- tion adjustments ranging from 2¢ per hour to 21¢ per hour Deferred increase: 2½% general-8-1-59 2½% general-9-1-60	Added: Pay for jury duty; Severance pay Revised: Normal pension benefits, disability pension, vesting pension, basic medical plan, life insurance, insured disability pay, SUB and cost of living adjustment formula
Harnischfeger Corp. with <i>Steelworkers</i> at Milwaukee, Wis. 1,800 hourly Effective 9-1-58. Contract expired New contract: 3 years	4½¢ per hour average increase; escalator clause provides adjustments of 1¢ for each 0.75% rise in price index. Deferred increase: Additional 4¢ per hour on base rates effective 2nd and 3rd years. Addi- tional increases to skilled trades.	Revised: Vacation pay, basic medical plan
ITE Circuit Breaker Co. (REICO Div.) with <i>UE ind.</i> at South Greensburg, Pa. 152 salaried Effective 10-7-58. Contract expired New contract 1 year	\$11 to \$23.50 per month general increase	Added: Cost of living adjustment Revised: Pension plan and health insurance for retired employees
Libbey-Owens-Ford Glass Co. with <i>Glass and Ceramic Workers</i> at Charleston, W. Va., Rossford and Toledo, Ohio, Ottawa, Illinois Free- port, La., and Brockenridge, Pa. 10,000 hourly Effective: 10-25-58. Contract expired. New contract 2 years (Pension agreement 5 years)	8¢ per hour general increase; additional 4¢ per hour to nonincentive workers. Special pool bonus increased additional 4¢ per hour Deferred increase: 8¢ per hour general, 10-25-59. Additional 4¢ to nonincentive workers and 4¢ additional to special pool bonus	Revised: Pension plan, disability pension, and security benefit plan
Maytag Co. with <i>UAW</i> at Newton, Iowa 2,500 hourly Effective 11-10-58. Contract expired New contract: 2 years	2.5% general increase (6¢ per hour minimum), additional 5¢ to 8¢ per hour for skilled employ- ees	Revised: Midnight shift bonus, SUB plan, per- sion plan, formula for computing downtime
Shenango China, Inc. with <i>Steelworkers</i> at New Castle, Pa. 1,000 hourly Effective 11-1-58. Contract expired New contract 1 year	8¢ per hour general increase	No change
Trailmobile, Inc. with <i>UAW</i> at Cincinnati, Ohio 950 hourly Effective 11-3-58. Contract expired New contract: 3 years	6¢ per hour general increase or 2½%, whichever is greater. Additional 8¢ per hour to skilled trades Deferred increase: 6¢ per hour or 2½%, which- ever is greater, 1959 and 1960	Revised: Pension benefits
Wagner Electric Corp. with <i>IUE</i> at St. Louis, Mo. 3,400 hourly Effective 10-1-58 (signed 11-26-58). Contract expired New contract: 3 years Reopening 10-1-60	6¢ per hour general increase Deferred increase: 6¢ per hour 10-5-59	Revised: Vacation & holiday benefits, incentive plan, union security

Significant Pay Settlements—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
NONDURABLE MANUFACTURING		
Cleveland Knitgoods Employers with <i>LGWU</i> at Cleveland, Ohio 1,500 hourly Effective 5-1-59 (signed 11-15-58). New contract 2 years	Minimum Wage increased from \$1.10 an hour to \$1.15 an hour Time and one-half for work after 37½ hours per week effective 11-15-59 and after 35 hours per week effective 11-1-60. At present after 40 hours	Revised: Health, welfare & retirement plans
Courtaulds (Alabama) Inc. with <i>Textile Workers (TWUA)</i> at Mobile, Ala. 550 hourly Effective 11-12-58. First contract Expires: 10-1-61	No general increase	No change
Federal Industries, subsid. of Textron, Inc. with <i>Textile Workers (TWUA)</i> at Belleville, N.J. 600 hourly Effective 11-58. Contract expired New contract 3 years	6¢ per hour general increase Deferred increase: 5¢ per hour 11-59, 5¢ per hour 11-60	Revised: Vacation pay, funeral leave pay, shift differential, pension and insurance.
Ginde & Dauch Division of West Virginia Pulp and Paper Co. with <i>Papermakers & Paperworkers</i> at Cleveland, Ohio. 5 hourly Effective 11-10-58. Contract expired New contract: 1 year and with <i>Papermakers & Paperworkers</i> at Kansas City, Mo. 142 hourly Effective 11-17-58 Wage reopener Contract expires 11-17-58	5¢ per hour added to base rates Same as above	Revised: Vacation No change
Topper Paper Company with <i>Papermakers & Paperworkers</i> at Modena, Pa. Effective 10-58. Contract expired New contract: 2 years	10¢ per hour general increase Deferred increase: 5¢ per hour plus increase ne- gotiated in 1959 at company's other plants	Revised: Pension plan, insurance for retired employees
Timberly Clark Corp. with <i>Papermakers & Paperworkers</i> and <i>Pulp Sulphite</i> and <i>Paper Mill Workers</i> at Munsing, Mich. Effective 7-14-58 (signed 12-9-58). Contract expired New contract: 1 year	5¢ per hour general increase, plus individual rate adjustments	Revised: Vacation policy effective 1-1-59
Publishers' Association of New York with <i>Newspaper and Mail Deliverers</i> in New York Metropolitan area (2,200 hourly) Effective 12-8-58. Contract expired New contract: 2 years	\$3.55 per week general increase Deferred increase: \$1.75 per hour 12-8-59	Added: Personal or sick leave, funeral leave pay, and 9th paid holiday
Veyerhaeuser Timber Company with <i>Woodworkers</i> in Washington and Oregon 7,000 hourly Effective 9-1-58 (signed 10-1-58). Contract expired New contract: 1 year	7½¢ per hour general increase (3.2% average)	No change
NONMANUFACTURING		
American Shipbuilding Company with <i>Boilermakers, Pipefitters, Carpenters, Electricians,</i> <i>Patternmakers, Machinists, Painters, Operating</i> <i>Engineers,</i> at Cleveland, Lorain and Toledo, Ohio; Buffalo, N. Y. and Chicago, Ill. 1,200 hourly Effective 8-1-58 (all signed 9-10-58 except IAM which settled 10-10-58). Contract expired New contract: 3 years	8¢ per hour (3% average) Deferred increase: 8¢ per hour 8-1-59 and 8-1-60	No change
Baltimore Transit Co. with <i>Trotter Coach Employees</i> at Baltimore, Md. 1,900 hourly Effective date 10-1-58. Contract expired New contract: 2 years	12¢ per hour general increase Deferred increase: 5¢ per hour 5-1-59	Added: 8th paid holiday Revised: Vacation pay, pension benefits, and sick leave pay

Significant Pay Settlements—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
East Ohio Gas Co. with <i>Natural Gas Workers (ind)</i> in northeastern Ohio 2,800 production and clerical workers Effective 8-58. Contract expired New contract: 1 year	5% general increase (11.36¢ per hour average) Shift differential increased to 11¢ and 13¢ from 9¢ and 11¢, meal allowance increased 10¢ to \$1.60	Revised: Automatic progression schedule
Eastern Greyhound Lines with <i>Motor Coach Employees</i> , Interstate 2,000 hourly Effective 11-1-58. Contract expired New contract: 2 years	10¢ per hour to terminal and maintenance em- ployees; .5¢ per hour increase in driver mileage rates Deferred increase: 8¢ per hour to terminal and maintenance employees, .2¢ per hour increase in driver mileage rates	Revised: Vacation pay, "spread time," holi- day, health and welfare
New Jersey Bell Telephone Co. with <i>Commercial Telephone Workers Union</i> of New Jersey 2,350 clerical Effective 11-23-58. Contract expired 10-13-58 New contract: 1 year and with <i>IBEW</i> , Interstate. 2,500 in accounting dep't. and 7,450 in plant and engineering dep't. Effective 10-26-58. Contract expired 6-30-58 New contract: 2 years Wage reopening 9-1-59	From \$1 per week to \$3 per week general increase Accounting dep't.—\$2 per week general increase (\$1.50 for employees on progression if old sal- ary was under \$65 per week.) Plant and engineering dep't.—from \$1.50 to \$3 per week general increase	No change No change
Pan American World Airways with <i>Railway Clerks</i> , Interstate 4,500 salaried Effective 7-9-58 Reopening 12-31-59	12¢ to 25¢ per hour general increase	No change
Union Electric Company with <i>IBEW</i> and <i>Operating Engineers</i> at St. Louis, Mo. Effective 7-1-58 (signed 9-10-58). Contract expired New contract: 1 year	5% general increase (12.8¢ per hour average) Shift premiums increased 1¢ per hour	Revised: Retirement and group life insuranc plans
West Coast Telephone Co. with <i>IBEW</i> in Oregon, Washington and northern Cali- fornia 1,400 hourly Effective 12-1-58. Contract expired New contract: 2 years	3½% general increase effective 3-1-59 Deferred increase: 8% 12-1-59	Revised: Vacation pay

¹ All unions are affiliated with the AFL-CIO unless otherwise indicated.

(Continued from page 69)

Group life insurance, health and accident insurance and hospital and surgical allowances are continued without change. The existing health and accident insurance program of the company pays benefits of \$30 per week for a maximum of twenty-six weeks. The agreement also continues the company's contribution of 10 cents an hour to a security benefit plan. But a new provision added to this plan permits an employee leaving the company for military service to withdraw the balance in his security benefit account.

About 10,000 employees are in the bargaining unit.

Contract Seeks to Erase Wage Differentials

Wage-rate differentials among the three plants of the Hooper Paper Company will be narrowed as a result of a new contract between the company and the Papermakers and Paperworkers. The company has a plant in Taylorville, Illinois and one in Reading and Modena, Pennsylvania. Rates at the Modena plant average about 25 cents an hour below rates at the other two plants.

A recent contract negotiated for the Modena plant

grants an immediate increase of 10 cents an hour. On the contract anniversary date another 5-cent hourly boost goes into effect, plus any increase that is negotiated at the Taylorville and Reading plants when these two locations come up for bargaining early in 1959. Also, any additional holidays given at the other two plants will be passed along to the Modena plant.

The new contract also establishes a maintenance apprentice program. Under the program an apprentice starts at 3 cents above the base labor rate and receives an automatic adjustment of 3 cents every three months until he reaches the rate classified for the fully productive employee. At the company's discretion, the employee may advance more rapidly.

The new agreement, settled following a work stoppage, provides that each employee who returns to work is to receive his proportionate share of an accumulated pension reserve. Not all employees returned to work after the strike. As a consequence, the residual fund is to be used as payment to retirees on the basis of \$1 per month per year of service until the reserve fund is exhausted.

N. BEATRICE WORTHY
Division of Personnel Administration

Studies in Business Policy

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- No. 89—Company Contributions—III. Policies and Procedures
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In the February Business Record

The Company Looks Backward—Museums or informal exhibits and extensive or brief histories are among the ways in which some companies keep track of highlights in their past, according to 206 manufacturing firms reporting in this month's survey of business opinion and experience. These serve public relations, patent, or reference purposes. Some of the problems of history writing and memento keeping are considered by cooperating respondents.

Revival in Machine-tool Business?—New orders for machine tools, after remaining at low levels during most of 1958, turned up in the fourth quarter. Despite this fact, it is still too early to predict a decisive recovery. The outlook for 1959 will be largely dependent on the factors examined.

Alaska, U.S.A.—Alaska's elevation to statehood has focused attention on its tremendous economic potentials. Significant figures on its present economy and on areas patently destined for great expansion are given in the article.

Consumer Buying Plans: Strong But Not Surging—Consumers were, on the whole, optimistic about general business conditions, current employment opportunities, and current household financial conditions late in 1958. The effect of this on buying plans for automobiles, homes, appliances, and other consumer durables is reported in the second article in a continuing survey of consumer buying plans, sponsored by "Newsweek," which is being conducted by The Conference Board.

Weather in Business—How great a factor is weather in the sales day? This report, first in a series of two articles, examines its effects on department store sales—a useful medium for such comparisons, because of the diversity of the store's merchandise and the availability of figures.

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